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NEWS SUMMARY

ENERAL

Iran declares U.S. its enemy

yatollah Khomeini declared e U.S. his country's enemy nd said it should be fought on religious, economic and military fronts."

His declaration coincided with preparatory meeting of the -member United Nations ecurity Council to consider a ll by UN Secretary-General rt Waldheim for an urgent bate to defuse what he said s the most serious threat to rld peace since the 1962 ban missile crisis.

A U.S. State Department icial said Waldheim's initive was "one more step along diplomatic road" and that ery effort should be made to e the remaining 49 U.S. stages in the Tehran embassy. Iran is to further reduce its production next year. Oil nister Ali Akbar Moinfar d. He did not specify an ount. Back Page

rash kills 156

Pakistan International Airlines Boeing 707 caught fire and ashed shortly after take-off om Jeddah, killing all 156 ople on board. Most of the ssengers were Moslems who d made the pilgrimage to cca.

A bomb wave

three people were seriously, in a wave bombings in Northern land. Two Belfast rush-hour ins were bombed, and there re blasts in Counties Down, rone, and Fermanagh. Ulster ks move, Page 8

ecrets charge

woman appeared at Bow eet, London, charged under Official Secrets Act with empting to communicate ormation of use to an enemy. nela Lamble, 44, a student, s remanded to Holloway son for one week.

hodesia moves

lisbury delegation to the ncaster House talks on odesia said it accepted tain's proposals for a ceasefire in the guerrilla war. But Patriotic Front guerrilla ance said it maintained damental objections. Prela prepares, Page 4

hina in Olympics

ina won the right to compete the 1980 Olympics, its first ce since 1958, when the International Olympic Committee, eting in Lausanne, voted to ept its membership.

evie's battle

ading soccer players are to e evidence for former England manager Don Revie in his ht against the Football sociation, which began in the h Court, London. He is asking Mr. Justice Cantley to lare invalid the FA's 10-year n on him taking part in ague football.

ospital crisis

official pickets at Charing ss Hospital, London allowed oil tanker to deliver one y's fuel supply. The hospital s almost out of oil and acuation plans had been awn up. Page 11

tockwood quits

shop of Southwark, Dr. Mer- o Stockwood, 66, one of the urch of England's most con- versial figures, has resigned o make way for a younger n."

riefly . . .

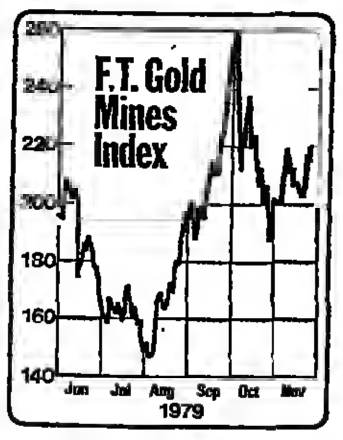
rmer ITN newscaster Regi- ld Bosanquet said he would n a contract soon to appear the BBC programme Nation- de.

orld snail-eating champion arc Quinquandon died of in- gestion in Nancy. France, ter eating 72 snails in three inutes.

BUSINESS

Dollar weakens; Gold up $2⅜

● DOLLAR lost ground against most currencies as uncertainty continued about events in Iran. It fell to DM 1.7490 from DM 1.7610 and to FFr 4.1105 from FFr 4.1320. Its trade weighted index fell to 86.6 from 87.0. STERLING weakened slightly to close at $2.1620, a fall of five points. Its trade weighted index fell to 69.1 from 69.2.



● THE FT Gold Mines index rose 3.6 to 219.7. Page 34

● GILTS were sensitive following the issue of £2.8bn in new stock. The Government Securities index fell 0.39 to 64.09.

● EQUITIES, the FT 30-share index closed 1.5 down at 407.1.

● GOLD rose $2⅜ in London to close at $395.

● WALL STREET was up 15.45 at 827.22 near the close.

● VENEZUELA has raised hopes of a major new source of oil supplies with the estimate that it can economically recover about 500 bn barrels of heavy oil from the Orinoco region, almost as much as the proven reserves of the free world. Back Page

● MANUFACTURERS remain despondent about the prospects for industrial activity in the coming months in spite of a marginal improvement in the past few weeks, says the Confederation of British Industry. Back Page

● INCREASES in world air fares are to be proposed at this week's annual meeting of the International Air Transport Association in Manila because of heavy losses caused by this year's increases in fuel prices. Back Page

● IRISH bank officials are to maintain their ban on sterling transactions pending the results of a ballot on their claim for extra payment for such transactions.

● HIGH INTEREST rate levels could spell disaster for many companies if sustained for too long, said Donald Grant, president of the Institute of Chartered Accountants of Scotland. Page 9

LABOUR

● GOVERNMENT proposals to introduce stricter controls on local authority controlled direct labour organisations have been criticised by Les Wood, general secretary of the construction union UCATT, who said 250,000 jobs could be at risk. Page 10

COMPANIES

● J. H. FENNER, the power transmission engineer, saw pre-tax profits for the year to September 1 droy from a record £9.05m to £7.61m after a fall from £5.4m to £4.8m in the second half. Turnoger waa up at £91.89m against £80.53m. Page 27

● BAYER of West Germany, the second largest chemicals company in Europe, lifted pre-tax profits by 43.5 per cent to DM 1.17bn (£304m) in the first nine months of the year, compared with DM 816m. Page 34

● DAWSON INTERNATIONAL, the Scottiab textiles group, increased pre-tax profits to £7.44m from £6.63m in the six months to September 30. Page 27

HIEF PRICE CHANGES YESTERDAY

ricea in pence unless otherwise indicated)

RISES			Brown (Matthew) ...	130	− 4
easury Var. 1983	£97⅞	+ ⅝	Cawoods	146	− 14
erys	260	+ 13	Coral Leisure	62	− 9
ncentric	39	+ 4½	Downing (G. H.) ...	102	− 8
ward & Wyndham	14	+ 2½	Gerrard & National	186	− 6
nfood	156	+ 4	Hammerson A	685	− 20
irhead	255	+ 11	Ladbroka	144	− 7
theby P. B.	390	+ 25	Land Secs.	244	− 4
P	378	+ 12	Tomkinsons Carpets	45	− 3
alayan Tin	455	+ 25	Trade Indemnity ...	155	− 20
uthern Malayan...	355	+ 15	Union Discount	302	− 5
FALLS			Wallis Fashioo	38	− 2
cheq. 11½pc 1984	£86⅜	− 1⅛	LASMO	366	− 32
eas. 13½pc 2000-03			Oil Exploration ...	690	− 110
A (20 pd.)	£21⅞	− ⅞	RTZ	300	− 5

EEC 'family row' can be sorted out, Carrington says

BY MARGARET VAN HATTEM IN BRUSSELS

Britain's problem over its large net contribution to the EEC budget is essentially "a family squabble" which can be sorted out, Lord Carrington, the Foreign Secretary, said in Brussels yesterday.

The argument should not be allowed to deflect the Community from its broader aims, he said.

He also binted that the British Government was closer than ever to participating fully in the European Monetary System, tbe joint float and limited pooling of resarves set up last January as a first step towards monetary union.

"That we are oot yet full members reflects only present economic realitles, not a lack of will," be said. "We intend to join the exchange rate mechanism as soon aa conditions permit and as soon as the implications for sterling of being a petro-currency are claar."

Lord Carrington's speecb to the Paul-Henri Spaak Foundation, coming three days before the EEC summit in Dublin, at which Britaio is expected to press very hard for a cut in its hudget contribution, was remarkable for its conciliatory tone.

It contrasted sharply with the tough line emanating over the past few days from the Prime Minister's office in London.

"My fear is that we will hecome so absorbed in the problems of today tbat we will lose sight of the wider borizons," Lord Carrington said.

"Britain has a real, and I think a legitimate grievance about her excessive contribution to the Community hudget and the serious shortcomings of the Common Agricultural Policy in its present form.

"But important as such questions are, they are no more than family squabbles wbich can be sorted out by the application of what the French call 'le fair play.'

"They sbould not deflect us from the wider and ultimately far more important question of where the Community is golng."

The EEC, be said, should develop a more halanced pattern of pollcies that would reflect the concern of all its countries and regions; tha current range was lopsided.

Agriculture was consuming the lion's share of Community money, hut the CAP no longer achieved its objectives and its cost was too hlgh. Other sectors should recelve greater priority: industrial regeneration, for example; regional development and transport.

Lord Carrington called for a "genuinely common market" with removal of existing barriers to intra-Community trade in the service sector, for example, where hanking and insurance companies were restricted.

He urged a "comprebensive energy pollcy" which would stimulate coal production and the development of alternative energy aources, aod emphasised the need for greater monetary stability.

Lord Carrington dld not specify bow Britain planned to co-operate in the policy developments be outlined, beyond making it clear that the Government would not contemplate any increase in the Community budget requiring a lifting of the present 1 per cent ceiling on value added tax contributions.

Richard Evans writes: Mrs. Margaret Thatcher reaffirmed ber determination yesterday to figbt for big cuts in Britain's net contribution to the EEC budget wbeo she met Mr. Roy

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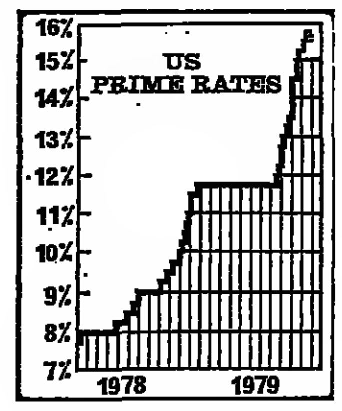

U.S. prime rates easing

By Stewart Fleming in New York

COMMERCIAL hank lending rates in the U.S. appeared to he heading lower yesterday for the first time since the Federal Reserve Board severely tightened its monetary policy on October 6 in an effort to curh inflation.

Two hig hanks, Bankera' Trust in New York and Wells Fargo in California, announced cuts in the prime—the rate charged to their best customers—from 15¾ per cent to 15½ per cent.

The stock market, wbicb had been anticipating better news about interest rates, had already begun to rise before the annonncements, which helped to spur further gains in heavy trading. By early afternoon the Dow Jones industrial average was more than 17 polnts higher at 829.01.

Tbe bond market also staged a rally, with prices rising hy about balf a point continulng a trend established on Friday.

Mr. Alfred Brittain III, cbairman of Bankers Trust, said the decision to cut the prime was based on the slowing forces at work within the U.S. economy. These "bave led tha bank to conclude that money market interest rates bave now peaked."

The optimism in the domestic markets was not shared by the foreign excbange markets, wbere in nervous New York trading the dollar fell in mid-afternoon to DM1.7460 from Friday's close of DM1.7575. This was attribnted to concern about the Iranian crisis and its possible effects on oil priees and the world economy.

The fall in the prime rate follows a significant easlng in money market interest rates in the U.S. in the past four weeks and therefore in the cost of funds to the hanks. Interest rates on prime certificates of deposit, an important source of bank finance, have declined by more than a full percentage point over this period to about 13 per cent for three-month money.

The hanks have been facing

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Little hope for mortgage rates
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Domestic gas prices may rise 20%

BY RAY DAFTER, ENERGY EDITOR

THE British Gas Corporation bopes to be given a three-year financial target by the Government in the next few weeks, a move which will almost certainly lead to a series of big increases in pricea for domestic consumers.

Customers could he paying ahout 20 per cent more for their gas from April and perhaps face a further increase later in the corporation's financial year. There is now a determined policy, both within the gas iodustry and within the Energy Department, for domestic gas prices to be hrought more into line with the cootract prlce of supplies to industrial usera and with other competing fuels.

British Gas is likely to be forced to pass on the extra revenue to the Government in one form or another.

Mr. David Howell, Energy Secretary, told the Commons yesterday that the move towards bigber prices must be "careful and gradual," but consumers could not be insulated from greater consistency of energy prices.

Concero about oil supplies and soaring crude oil prices have combined to present British Gas with a buge increase io demand which it could not meet in full, said Mr. Howell. North Sea gas resources were limited, and they should oot be used wastefully. Quick exploitation might bring relief today, but lt would encourage chaos and sbortage in the future.

Higher prices were needed oot only because of the disparity with other fuels. Britisb Gas was faced with paylng much more for its supplies—four to six times as much as it is paying for gas from older fields io the southero part of the North Sea.

Mr. Howell sald tbat discussions were continuing between the Government and the corporation over both a financial target and an associated price strategy needed to "restore a balance in gas supply and demand for the future."

It is almost certain that the oew pricing emphasis will fall on the shoulders of domestic customers. Under its contract arrangements, the corporation bas been able to keep the price of industrial and commercial supplies more in line with competitive oil products.

Yesterday these prices were attacked by the National Federation of Clay Industriea, representing manufacturers of refractory goods, building bricks, roofing and floor quarry tiles and vitrified clay pipes. It claimed this industry's export markets were seriously threatened by prices being charged by British Gas.

● Mr. Hamish Gray, Minister of State for Energy, told the Commons yesterday thta during September and October 708m. cubic feet of gas produced in the North Sea was flared and wasted ln the atmosphere. This waste is the equivalent of ahont 15 per cent of British Gas sales, and is a big increase on wastage in previous months.

Mr. Gray said that as a result of the Government's order to reduce flaring from Shell/Esso's Breot Field this wastage would be cut by 20 to 25 per cent. However, as Shell and Esso would bave cnt back oil output, there would be a reduction in UK offshore il supplies of about 5 per cent.

Wood, Mackenzie, the stockhrokers, estimates that the decision to restrict Brent gas flaring could cost hte U.K. over $1m a day. The assessment, in a new report on the North Sea, is based on a calculation of tha value of gas saved for future production, the value in real terms of oil production deferred, and the need to replace the "lost" oil production in the interim.

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Edwardes to meet union leaders over Robinson

BY ALAN PIKE AND ARTHUR SMITH

SIR MICHAEL EDWARDES, chairman of BL, last night agreed to meet tha leaders of the two largest unions to discuss the crisis over the dismissal of Mr. Derek Robinson, the Longbridge convener.

However, Sir Micbael—who until now bas refused to get involved in discussions with union officials—will stress there is no prospect of BL's agreeing to relnstate Mr. Robinson.

As a result, it is expected that the Amalgamated Union of Engineering Workers, Mr. Robinsoo's union, and the Transport and General Workers Uoion will make the atrikes over the dismissal official today.

Mr. Terry Duffy, AUEW president, and Mr. Moss Evans, TGWU general secretary, requested the maeting.

The AUEW executive meets this morning to decide whether to make the indnstrial action official. After discussions with Mr. Evans—who bas already indicated the TGWU is prepared for official action—Mr. Duffy said be was "more or less strengthened" in bis conviction that his own executive would make the dispute official.

The company claimed yesterday strikes in support of Mr. Robinson were beginning to crumble. According to BL's figures—whicb are disputed by the unions—3,000 or the 9,000 day shift workers at Longbridge, Birmingham, had returned to work.

Abont 1,400 engineering workers of the 5,800 employees on strike at Castle Bromwich, Birmingham, are also reported to bave returned. At Coventry Engines, the 1,000 night shift workers returned and another 2,000 employees will decide today whether to continue their actions.

However, Mr. Grenville Hawley, national automotive secretary for the TGWU, was confident yesterday that once the dispute was official the strike at Longbridge would qulckly become effective. He told a rally of more than 4,000 workers there was no question of the TGWU's not making the dispute official.

The rationalisation plan put forward by Sir Michael, and iovolving 25,000 redundancies, was not acceptable to the TGWU, Mr. Hawley said. Tha union'a executive bad agreed to defend all members who were prepared to take action against plant closures and sackings.

Mr. Leslie Huckfield, a Labour Party industry spokesmao, said he would he tabling an emergency resolution to the National Executive of the Party tomorrow nrging support for the re-instatement of Mr. Robinsoo.

Mr. Huckfield hoped that by tha end of the week the Lahour Party and the union movement would be lined up in support of Mr. Robinson.

EEC charges 'too low'

BY MARTIN DICKSON IN BRUSSELS

A STUDY of the European gas indnstry, prepared for the EEC Commission, has concluded that in most member states gas prices are too low in relation to the fuel'a real economic value.

The report, not yet published, is likely to provide ammunition for Mr. Howell, who haa mada clear that he considers British domestic gas prices to be far too low.

Studies of tax rates applied to gas by EEC governments sbow a wide percentage range. Britain is at the bottom of tha list with a nil tax elemeot, and France is the leader.

£ in New Yerk

—	Nov. 23	Previous
Spot	$2.1640-1655	$2.1775-1790
1 month	0.60-0.50 dis	0.65-0.58 dis
3 months	1.20-1.10 dis	1.10-1.05 dis
12months	4.45-4.25 dis	3.70-3.55 dis

Oilex mystery bidder drops out

BY CHRISTINE MOIR

THE MYSTERIOUS foreign suitor for Oil Exploration, tha North Sea group which bad already agreed to merge with Londo and Scottish Marine Oil, withdrew over the weekend without making a bld.

The Oilex board had confirmed on Friday that discussions with a third party were contiuing, further fualling a rise in the share price which had been soaring sinca the talks were announced on Novamber 16.

Yesterday morning's announcemant that the bidder bad backed away burst tha bubble in Oilex shares. During the past fortnight they bad reached 805p: at one stage yesterday they fell as far as 674p before closing at 690p, a drop of 110p.

At that level the market now valuea Oilex at a fraction under £90m compared with £104.5m at the peak, and £70m just before the anouncement of the agreed merger with LASMO, which has a substantial stake in the Ninian oilfield in the North Sea.

LASMO's shares too bad been riding up on the expectation of a higher hid hecause lts own merger agreement had resultad in irrevocable acceptance from shareholders owning 40.4 per cent of Oilex equity.

Yesterday LASMO's shares dropped to 348p before settling at 366p, a 32p decline. At that level, the 19-for-share offer is worth 695p a sbare to Oilex, valuing the group at just over £90m.

During tha market acramble of the past fortnight, one of LASMO's associates, Cawood Holdings, managed to buy about ½ per cent of Oilex, ao LASMO controla just under 41 per cent, with the probability of acceptance by Premier Consolidated Oilfields, which bas a royalty stake in the North Sea, to bring in a further 8 per cent.

The intrusion of the mystery competitor and its overnight withdrawal has proved somewbat embarrassing for Oilex and lta adviaers, J. Henry Schroder Wagg.

Mr. C. M. Dalley, Oilex'a chairman, said yesterday that he was certain that the third party did have the resources to make a bid for Oilex and he had therefore to treat its approach seriouoly.

CONTENTS

For latest Share Index phone 01-246 8026

French prices rise at yearly rate of 11.3%

BY DAVID WHITE IN PARIS

THE FRENCH Government's inflation record took a relatively heavy blow yesterday with the publication of October consumer price figures showing a 12-month rise of 11.3 per cent.

This compared with 11 per cent a month earlier. The increase in the official price index for the month was 1.2 per cent, the second largest this year.

After July, which produced an exceptionally big increase of 1.3 per cent, the rate slowed to 1 per cent in August and 0.8 per cent in September.

M. Raymond Barre, the Prime Minister, was reported to have forecast an inflation rate of 11.2 to 11.3 per cent for 1979 as a whole, during talks yesterday with a top union leader. He was said to have told M. Andre Bergeron, head of the moderate Force Ouvriere Union, that the rate should drop down to below 10 per cent next year, barring major upheavals.

Last year French inflation kept just within single figures, with an end-of-year increase of 9.7 per cent.

Readjustment of the French minimum wage, the SMIC, is due to be decided on this week.

In his talks with M. Bergeron, the Prime Minister confirmed that the maximum working week would be lowered from 48 hours to 46 in many sectors in the next few weeks.

Meanwhile, M. Jean Mattenli, France's new Labour Minister, has been admitted to hospital with a heart complaint. A medical bulletin is due to be issued today. M. Matteoli was appointed less than three weeks ago after the suicide of his predecessor, M. Robert Boulin.

Aid for larger families to counter falling birth rate

BY TERRY DODSWORTH IN PARIS

THE GOVERNMENT is introducing financial measures to encourage larger families in France in an effort to reverse the trend towards a lower birth rate.

Families with three or more children will receive special payments according to family size. The new benefits are also designed to encourage mothers to take on the responsibility of extra children by making it easier to stay away from work.

Among the main points of the plan are:

● A lump sum payment of FFr 10,000 (£1,116) at the birth of the third child in a family or any additional births. This sum will bring together — and raise substantially — payments previously given to larger families. Payments will be available to any mother, whatever her financial resources.

● Paid maternity leave is to be increased from four to six months for mothers of larger families.

● Mothers who have received the benefits given to larger families will automatically be paid-up for retirement pensions when they are not working but looking after the family.

● In the six months after the birth of a third child, families will receive special preference when looking for bigger homes. Help will be given both in the public housing sector, and in finance for private housing.

● Tariff reductions on the public transport system will be maintained for larger families.

The drift towards a lower birth rate has now virtually halted, but the Government still wants to stimulate population

Poland reveals its debt to West

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S debt to the West, accumulated in the years 1970 to 1978, amounted to $15bn dollars, it has just been disclosed to the Polish people.

The figure is contained in an article on foreign trade in the latest issue of the Warsaw evening newspaper, Express Wieczorny. The disclosure breaks a 35-year taboo during which the amount has been treated as a secret. The censor's office had instructions to delete the figure whenever it appeared.

Spain to go ahead with nuclear power plant

By Robert Graham in Madrid

THE SENSITIVE issue of a nuclear power plant at Valdecaballeros, near Badajoz in western Spain, has been resolved. The Regional Council of Extremadura at the weekend approved the project by a narrow margin.

The controversy began in August, when the Government authorised work to re-start on Valdecaballeros and another plant at Trillo, in central Spain. Site work had been halted for 18 months pending a review of national energy policy.

The decision provoked immediate protests in Extremadura province.

Objections were based on the plant's siting on the headwaters of the River Guadiana. In a region where water is scarce, it was claimed that agriculture could be adversely affected. Critics also complained that the reactor technology planned was of a kind increasingly falling out of favour.

Within less than two weeks of the August decision, the Government again halted construction. It then had to carry out an extensive publicity campaign to persuade people in Extremadura to accept the power plant.

Opposition came from all political parties, including the ruling Union de Centro Democratico. As a result of this campaign, and a good deal of behind-the-scenes pressure, the Union de Centro Democratico component of the Extremadura Regional Council rallied behind the project. Since they command a majority in the council, they were able to approve the project at the weekend.

There has been a strong impression throughout in Madrid that at least some opposition to the twin 975-MW power station was orchestrated to ensure that the Government and the utility company committed extra development funds to the region. An annual payment of $2m has been mentioned.

Holland's trade deficit reduced

HOLLAND'S visible trade deficit was Fl 758m (£176m) in September, compared with deficits of Fl 1.24bn in August and Fl 251m in September last year, Reuter reports from the Hague. The figures were issued by the Dutch central statistics office.

The September deficit was originally reported by the Economics Ministry at a provisional Fl 800m. September imports were Fl 11.58bn against Fl 11.40bn in August and Fl 9.64bn in September last year. Exports were Fl 10.82bn compared with Fl 10.16bn and Fl 9.39bn respectively.

The visible trade deficit in the first nine months of 1979 rose to Fl 4.24bn from Fl 3.93bn in the comparable period of 1978.

Belgium outlook

The Belgian National Bank's economic indicator based on company forecasts rose 1.25 per cent in October from September to reach its highest level since the spring of 1976, Reuter reports from Brussels.

The bank said the rise was due to better prospects in manufacturing industry and in the wholesale trade. These more than compensated for a levelling off of activity in the building sector.

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Danish defence chief's warning on missiles

BY HILARY BARNES IN COPENHAGEN

DENMARK WILL "have its ears soundly boxed" at the NATO Council meeting next month if it tries to persuade other member countries to postpone for six months a decision to modernise nuclear forces in Europe, General K. Joergensen, the country's defence chief, said at the weekend.

Under pressure from its left wing, the Social Democratic Government has said it will urge NATO to use the proposed postponement for arms negotiations with the Soviet Union. The aim of these would be a halt in production and siting of Soviet SS-20 missiles and Backfire bombers within the six-month period, and agreement on starting talks on the whole problem of medium-range missiles.

Only if Moscow did not meet these conditions should the NATO modernisation programme go ahead in the Danish Government's view.

It also announced a plan to cut defence expenditure next year by DKr 100m (£8.8m) or about 1.5 per cent.

Both these decisions will cause bad feeling towards Denmark among NATO, Gen. Joergensen said. Denmark reserved its position when the alliance called for a 3 per cent real increase in annual defence spending on the grounds that Danish defence spending until 1981 is fixed by a four-party agreement, he said. Now the Government was cutting expenditure, without consulting the other parties.

He warned that if Denmark cannot increase defence spending by 3 per cent a year from 1981 it may not be able to fulfil its defence role, "and in this case we shall not have reasonable certainty that NATO will come to our aid."

Mr. Kjeld Joergensen, the Foreign Minister, said Denmark's proposal on missile negotiations will be put to NATO as a suggestion. He implied at a news conference on Friday that if NATO turns down the proposal, Denmark will follow the Council's decision.

Reuter adds from Helsinki: Sweden and Finland will be faced with a challenge to the neutrality of their airspace if U.S. Cruise missiles are installed in NATO countries, according to Mr. Yuri Komissarov, a Soviet commentator.

"The very possibility of the use of Cruise missiles could involve states that are not party to a dispute," he said in an article released by the Novosti press agency and published in the Finnish current affairs magazine Suomen Kuvalehti.

● Denmark's third quarter balance of payments deficit was DKr 4.6bn (£404m) compared with DKr 1.4bn (£123m) in the same period last year. This brought the deficit for the year so far to DKr 11bn compared with DKr 8bn for the whole of 1978.

A DKr 2bn deterioration in the commodity trade deficit in the third quarter was blamed for most of the increase.

The consumer price index in the 12 months to October rose by 11.3 per cent, according to the Bureau of Statistics. This included a rise of 62 per cent in the cost of fuel and light.

Prime Minister Raymond Barre (right) greets his Spanish counterpart.

Paris cautious over Suarez visit

BY OUR PARIS STAFF

SR. ADOLFO SUAREZ, the Spanish Prime Minister, began a 24-hour visit to Paris yesterday, but officials were cautious about the possible outcome of his talks with Government leaders.

Spain has sent a strong delegation, including the Foreign Affairs, European Affairs, Industry and Agriculture Ministers, in an effort to revitalise relations, which are felt to have deteriorated since President Valery Giscard d'Estaing visited Spain in June 1978.

The French President then strongly supported Spain's entry into the European Economic Community, and made several proposals for improving trade.

But differences over Basque policy, plus the strong opposition to Spanish entry to the Community from parties on both the Left and Right of French politics, have raised problems which the two sides will be anxious to resolve.

President Giscard has made it clear in recent months that his basic position towards Spanish membership of the Community has not changed. But important questions remain, particularly over the length of the transition period during which Spain's agriculture is to be integrated into the European system, since much Spanish produce would compete with food grown in southern France.

The French also question the wisdom of Spain's proposals to produce more steel, when the rest of Europe is reducing its capacity.

On the Basque problem, discussion centres on the strength of French measures against members of ETA, the Basque separatist organisation, taking refuge over the border in France. While Spain would like stronger action, the French feel they have already gone a long way by refusing to give refugee status in future to Spanish Basques.

Other subjects which should be touched on include the redistribution of air routes between Air France and Iberia, the state airlines, Peugeot's plans in Spain, where the French company recently took over the Chrysler interests, and the possibility of developing railway links.

THE PORTUGUESE ELECTION CAMPAIGN

Soares woos the shanty vote

BY JIMMY BURNS IN LISBON

LISBON'S "bairro chines" or Chinatown is not an area of oriental restaurants, raucous girlie bars and soft-lighted doorways. It is a huge expanse of shanty huts where rats pick of rotting vegetables and families sleep 10 to a room. That Dr. Mario Soares, the leader of the Socialist party and former Prime Minister, should choose to come here for an electoral walkabout smacks of characteristic bravado.

The area is one of a number of shanty suburbs spread across the country whose very existence points an accusing finger at the housing policies pursued during two years of Socialist government. The shanty dwellers are still waiting for the low cost housing and generous pension schemes promised by Dr. Soares in the 1976 election, and in the hope of which they originally voted Socialist.

Here, where illiteracy is high and there are no televisions because of lack of electricity, the intervening period of non-party government that has elapsed between the fall of the Socialists in December 1977 and the latest electoral campaign has been little noticed.

"I think the campaign is going well. The workers and the poor people are giving us a good reception," Dr. Soares says as he walks down the lines of corrugated iron shacks, handing out stickers, key rings and tee-shirts. Smiling warmly, he moves among a throng of women, children and old men that press against him from all sides. Many of them shake his hands, a few kiss and hug him, others simply glare.

As in the 1976 elections, Dr. Soares appears to be running the campaign single-handed, simply by the force of his own personality. He seems most at ease when in direct contact with the people and totally vulnerable to attack. In Portuguese politics, Dr. Soares' charisma still has no rival.

Only when he walks past an isolated group of Communist women, hurling abuse and with clenched fists, do a group of Socialist militants emerge from the crowd and put on airs of security bullies. As Dr. Soares continues walking, the militants surround the women and drown them in more slogans and abuse. As in the 1976 election, the Socialist party is presenting itself as the main bulwark preventing Portugal from falling into a new dictatorship.

In Bairro Chines the Communist threat appears more apparent than real. The people who live here are street sellers, prostitutes and refugees from the former African colonies, and no one belongs to the Communist-dominated trade union. They personify disillusionment with the revolution that went wrong and, as such, appear ripe for the picking by the radical Democratic Alliance.

"The Socialist party cannot make miracles but it does not promise what it cannot carry out," says Dr. Soares. His walkabout has come temporarily to a halt and he delivers an impromptu speech through a megaphone.

Less people surround him now as he justifies the austerity that existed during his last government. "I never promised you anything else," he adds.

The crowd has moved away towards a solitary militant who has taken over the distribution of party mementoes. The event is typical of a campaign that on many occasions has turned Dr. Soares' public appearances into a chaotic free-for-all.

Socialist officials stress that this is a natural consequence of the new style adopted by the party during this campaign. With the exception of last Saturday's "liberty march," Dr. Soares has generally opted for what he calls the face-to-face approach.

He has high hopes that his party will win next month's election. "We shall win a relative majority," he says. In his view the Right-wing alliance will not obtain enough votes to form a majority government. This would leave the Socialists with the biggest share of the vote, as in 1976.

The Socialists, he says, will then govern the country until the next general election which, under the constitution, must be held before next October. This would be on the basis of occasional "strategic alliances" to push through essential legislation, rather than a formal coalition with any one party. Once again, it seems, Dr. Soares has every intention of going it alone. That is, if his electoral forecast proves correct.

Economist warns of EEC crisis

By Our Foreign Staff

A MAJOR reappraisal of the EEC and its institutions was called for yesterday by Professor Ralf Dahrendorf, Director of the London School of Economics and a former member of the European Commission. If changes were not made, "we may yet experience the ultimate crisis of a break-up of the European Community, and we may see it happen in the next 12 months," he warned in the Jean Monnet Lecture in Florence.

Professor Dahrendorf said European union had so far been a remarkable political success, but an equally remarkable institutional failure. He was not confident in the institutions' ability to solve pressing problems—like Britain's demand for a reduction in its budgetary contribution—indeed, he considered the institutions increasingly irrelevant to Europe's real needs.

The reappraisal should contain three ingredients, Professor Dahrendorf said. First, there should be renewed emphasis on areas where Europeans had common interests—such as foreign policy, trade, monetary arrangements and Third World development.

Secondly, there should be readiness to accept the taboo concept of a Europe à la carte, in which countries would follow common policies where they had common interests without constraint on those who could not join in. The idea could apply in particular to the Common Agricultural Policy, he suggested.

Professor Dahrendorf maintained agricultural policy was no longer one of the most important common European interests.

Thirdly, he said the Commission had become "an obstacle of European union rather than a motor of progress," because it lacked a political base. The obvious way of solving the dilemma was to take the simple yet apparently infinitely complicated step of having the Commission elected by the European Parliament.

Doubts over new Norway incomes package

BY FAY GJESTER IN OSLO

A CONTROVERSIAL enabling Act to regulate income growth in Norway after the present price and incomes freeze ends, on December 31 was tabled on Friday by the minority Labour Government. It aims to prevent a wage and price explosion which could wipe out the improvement in Norway's competitive position achieved during the 15-month freeze.

Opposition reaction to the Act has been largely critical so far; and the measure may not get through the Storting (Parliament) without modification.

While many Opposition politicians accept the need for action to ease the transition in the economy following the freeze, they object to the extensive powers the Act would give the Government — it is to be effective until the end of March 1982.

In essence, the Government wants authority to limit pay increases employers can give to wage earners not directly affected by the steering wage bargaining between the Landsorganisation, Norway's trade union council, and the Employers Association.

These groups would have to accept rises no larger than those agreed on during the forthcoming union-employer wage talks. The theory is that the LO will more readily agree to a moderate settlement if it knows that other groups of workers will not be getting more.

But if the measure is approved, the 1980 spring wage bargaining—expected to result in a two-year settlement—will establish ceilings for all pay rises over the coming two years. This would be a completely new departure in Norwegian labour relations.

The LO and the NAF have already agreed on certain conditions for the 1980 negotiations. One proviso says that only a few categories of workers may be given pay increases between January and March—mainly those who had increases coming to them when the freeze was imposed in September 1978. For the others, the freeze will continue to apply until April, when the new pay settlements take effect. Talks on the settlement will begin in January.

The NAF says it believes that an income regulation Act should be short-lived—running only until the end of March—when the spring wage bargaining has been completed. After that, things should return to normal. The LO, on the other hand, approves of the measure and does not object to extending it until March 1982.

Anthony Robinson in Bucharest examines Romania's bold plans to industrialise its economy

Ceausescu promises jam tomorrow—or by 1990

ROMANIA'S reputation as Comecon's odd man out was reinforced at the ruling Communist Party's twelfth congress here last week. The congress endorsed a further five years of rapid industrialisation at a time when the West and most other countries in Comecon are battening down the hatches to weather an expected down-turn in world trade and economic growth.

The essential economic message given by the congress and the 1981-85 Five Year Plan is continuing high investment, a return to energy self-sufficiency by 1990 and the creation of a medium-level industrialised society by 1985. At this point Romanian planners hope they will be able to take a deep breath and start thinking seriously about the kind of policies required to move Romania into a post-industrial era with all the services and tertiary industries which this entails.

This at least is the theory, and the statistics to back it up are impressive. In the next Five Year Plan starting in 1981, net industrial production is scheduled to rise by 9-10 per cent annually, agricultural output by 4.5-5 per cent, investment by 5.4-6.2 per cent, foreign trade by 8.5-9.5 per cent, labour productivity by 7-7.5 per cent and national income (equivalent of GNP) by 6.7-7.4 per cent. What is called "the real income of the population" is scheduled to rise by 4.2-4.6 per cent annually. This includes the value of social services as well as wages.

If these targets are fulfilled, Romania by 1985 will have triumphantly vindicated the policy of national development initiated by President Nicolae Ceausescu's predecessor Mr. Gheorghui-Dej. It was he who first rebelled against Soviet-inspired plans for a Comecon-wide division of international trade and development back in the early 1960s. These assigned Romania a role as a supplier of raw materials and farm products, and left industrial development to the Soviet Union and the already-industrialised countries like East Germany and Czechoslovakia.

Since then President Ceausescu has persevered with this policy of forced industrialisation accompanied by an increasingly independent foreign policy. Romania's diplomatic agility together with grudging Soviet forebearance, have kept Soviet troops and advisers out of the country and permitted a highly selective approach to Romania's participation in Comecon economic co-operation.

> President Ceausescu has persevered with a policy of forced industrialisation accompanied by an increasingly independent foreign policy. Romania's diplomatic agility, together with grudging Soviet forebearance, have kept Soviet troops and advisers out of the country and permitted a highly selected approach to the country's participation in Comecon economic co-operation. Romania now does roughly half its trade with the West, has joined the IMF and the World Bank and enjoys guest status in the non-aligned movement.

At the same time Romania now does roughly half its trade with the West, has joined both the IMF and the World Bank, enjoys guest status in the non-aligned movement and is currently involved in bilateral negotiations for an arrangement with the European Economic Community.

The cost of this high international profile and rapid industrialisation has fallen on the 22m ordinary Romanians. They have been subjected to a 46-hour week, a slow increase in their standard of living, a Stalinist-type cult of personality and tight internal controls by an army of police and stool-pigeons.

Bucharest itself was like an occupied city during the week-long congress. Militia in Soviet-style greatcoats with Kalashnikov automatics slung over their shoulders patrolled the streets of the capital. Conspicuous gentlemen in leather coats and artificial fur hats lurked in hotel lobbies, plodded behind correspondents and sat pathetic and ill at ease at neighbouring restaurant tables.

Essentially the Romanians have been promised jam, if not tomorrow then in five years' time or possibly ten. If they wish to leave instead, they face severe obstacles. Foreign travel is strictly controlled, to prevent a brain drain of skilled personnel attracted by the bright lights and higher salaries in the West.

A series of officially-minimised industrial accidents has meanwhile exposed some of the risks involved in the sort of forced industrialisation now in train. A couple of weeks ago a tanker waiting to unload at a pharmaceutical plant exploded in the suburbs of Bucharest. It caused what eye witnesses claimed was a heavy death toll and many injuries among inhabitants of nearby houses.

The incident followed an explosion in two cracking towers of a petrochemical plant in Pitesti last year, and the reported explosion of a foundry in a tractor plant at Brasov northwest of Bucharest three months ago. Little or none of this has been reported in the local Press.

Inevitably the lack of official openness has fuelled the spread of rumours. But deliberate sabotage is ruled out by both local people and diplomats, who blame the laxity of safety rules in the drive to attain ever higher production targets and the problems of employing first-generation industrial workers in complex industrial plants.

There is little sign that the authorities intend to be more frank in future. When President Ceausescu recently announced to loud applause the discovery of oil traces in Romania's first and hitherto only offshore oil drilling platform in the Black Sea, he made no mention at all in his six-hour speech of the recent collision in the Bosphorus involving Romania's newest and largest tankar, the Independenta. This had cost the lives of over 50 Romanian crewmen.

The Independenta accident highlighted the logic behind Romania's ambitious plans to return to energy self-reliance by 1990. Even the choice of name Independenta for what is in effect Romania's flagship was highly significant. Until 1975 Romania was self-sufficient in oil—a major factor permitting the country to follow its policy of relative independence from the Soviet Union.

Since then, however, Romania has been obliged to import some 7-8m tonnes annually to supplement its domestic production of around 14m tonnes. The Independenta was carrying 95,000 tonnes of imported crude.

This year the Soviet Union has started to deliver 1bn cubic metres of gas annually from the Orenburg pipeline to which Romania contributed by supplying pipe and desulphurisation plant. The Soviet Union has also agreed to start supplying oil for the first time, although the quantity involved is believed to be under 1m tonnes annually.

Romania's decision to turn to the Soviet Union reflects the difficulties caused by the Iranian revolution. Romania had contracted to buy 5m tonnes annually from Iran and the cut-off has obliged it to search hurriedly for additional supplies from Libya, Nigeria, Mexico and other sources. Plans to build a large refinery and chemical complex at Constanta in co-operation with Kuwait have also bad to be shelved.

According to Romania's ten-year energy plan, oil will only be used to generate 5 per cent of electricity output by 1990 compared with 40 per cent in 1980 and 20 per cent in 1985. Hydro-electric power, on the other hand, will rise from 17.6 per cent in 1980 to 24 per cent by 1990, while the contribution of nuclear power to the energy grid will rise from zero to 18 per cent in the same period. Romania is importing four Candu-type nuclear power plants which will be built under Canadian licence.

A massive expansion of coal production is also planned. The share of coal and oil shale in electricity production is due to rise from 40 per cent in 1980 to a peak of 55 per cent in 1985, before dropping back to 44 per cent in 1990 when the nuclear plants will be there to take up part of the hurden, if all goes to plan. Solar and non-conventional sources are planned to quadruple their contribution from 2.7 per cent in 1980 to 10 per cent by 1990.

The investment involved in such a radical transformation of the energy situation is enormous. At the same time, however, the Five Year Plan provides for the development of the aerospace and nuclear engineering industries, as well as higher investment in agriculture and the development of fine and secondary chemicals, machine building and a wide range of other capital and consumer goods industries.

President Ceausescu and his economic planners believe such ambitious targets can ba attained. Western observers are less sure. They point to tha drain on already-scarce skilled manpower implied by the rapid development of two new high technnlogy areas, aerospace (in co-operation with the British Aerospace and Rolls-Royce) and nuclear engineering.

The engineering and petro-chemical industries, further-cent of exports, a proportion more, already account for 45 per which is expected to rise further. The petro-chemical indnstry is also particularly susceptible to external factors of supply availability and prices bayond Romanian control; export performance, particularly in bard currency markets, has slipped well below plan over the past two years.

Conditions on Western markets are expected to be even tougher in coming years, leaving Romania with the problem of drastically improving both the quality of its exports and its marketing skills in order to sell its products abroad at a time of international trade stagnation.

The biggest doubts concern the regime's ability to hold down consumer demand by political metods. This may have had some relevance in the early stages of forced industrialisation, but is less important in the more sophisticated economy and society planned for the next decade.

● President Ceausescu making *his marathon speech to the* twelfth congress of the Romanian Communist party.

Swedish retreat from nuclear power 'could cost £8.2bn'

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

A HALT to Sweden's nnclear power programme and the closing down by 1990 of the six reactors already operating would cost each Swedish wage-earner SKr 50-SKr 100 (*£5.40-£10.80*) a month over the next 20 years, according to Mr. Lennart Sandgren, chairman of the commission appointed to examine the conseqnences of a retreat from nnclear power.

Commission findings put the total cost at SKr 70-SKr 75bn (£7.65bn-£8.20bn). The impact would be particnlarly severe on industries with beavy enargy requirements, such as aluminium, ferro-alloys, thermn-mechanical pnlp and scrap-based steel works, hut, the commission has found, the effect on employment would be insiginficant.

More building jobs would be created and the engineering branches would bave tn raise their workforce by 100,000 whether nnclear power was ahandoned or not.

But the population spread would change: people would have tn mnve from the already depleted northern conncies and inland areas.

Sweden was expected to have an electricity supply nf 125 terrawatt bnurs (1 twb equals 1bn kilowatt bours) in 1990 with 12 nuclear reactors operating. The commission has studied two alternatives, one providing 105 twh by 1990, the nther 95 twh. Current consumption is 81 twh.

The detailed costs concern the first alternative, which assumes the nuclear reactors would be largely replaced by coal-fired power plants. The second alternative pre-supposes a mucb sharper saving in electricity consumption and has not been so thorougbly detailed by the commissinn.

Sweden has no coal. The crash building of large new coal-fired power stations wonld involve not only a great expansion in coal imports bnt also investments in new barbours and transport systems.

The commissinn's findings have been vignrously contested by the People's Campaign Against Nuclear Power and by three members of the commissinn who quit a mnnth ago becanse, they claimed, the commission majnrity was bent on presenting a report favouring nuclear power.

They maintain that the closing down of the existing nuelear reactnrs nver the next 10 years conld be achieved at a cost nf SKr 25bn. If the commission extended its calculations tn the year 2010, when the 12 reactors planned would be nbsolete, it would find that a rejectinn of nnclear power would in fact he cheaper.

The controversy over the likely to clarify the issue for commission's findings is not the electors wbn will vote in the national referendum on nnclear power on March 23 next year.

Trade unions hava introdnced a complication by deciding to submit their own energy programme, which will probably plnmp fnr the building of 12 reactors but will also call for greater public control over energy prodnction and investments.

The Conservatives, who also want to continne the nnclear programme, will not accept greater socialist control. The Liberals are also pro-nnclear.

The anti-nnclearists, represented politically hy tha Centre Party and the Cnmmunists, are more united hut they too divide over subsequent political control of the energy supply.

Quentin Peel in Johannesburg assesses the prospects for South African military intervention in Rhodesia

Pretoria rattles sabre against Marxist threat

SOUTH AFRICA'S concern at the progress of the Rhodesia talks at Lancaster House has reached a new peak with the announcement that Mr. Pik Botha, the Foreign Minister, is flying to London today to see Lord Carrington, the Foreign Secretary.

Mr. Botha's sudden intervention, the second since the conference started over 11 weeks ago, comes at a time when threats and hints of possible South African military intervention in Zimbabwe Rhodesia have increased dangerously the level of rhetoric surrounding the talks.

Both Mr. Pik Botha and Mr. P. W. Botha, the South African Prime Minister, have publicly warned that such intervention cannot be ruled out "if chaos should prevail" in Rhodesia.

General Magnus Malan, the chief of the South African Defence Force, also emphasised last week that the outcome of the war and peace talks over Zimbabwe Rhodesia would play a key role in the future of South Africa and all her neighbours. His message was that Rhodesia's war was South Africa's war.

Mr. Vassily Solodovnikov, the Soviet Ambassador in Lusaka, has retaliated with an unprecedented public warning that if South Africa should intervene in Zimbabwe Rhodesia, "it will be asking for too much."

What is behind all this rhetoric? How far is South Africa prepared to go towards precipitating what could be a disastrous internationalisation of the conflict in Southern Africa? Under what circumstances would the South African Defence Force intervene in the neighbouring state?

The answers to those questions have been left deliberately vague by South African spokesmen. But if military reticence is part of the reason, so too is Pretoria's considerable confusion over just what it can and should do.

South Africa's concern is clear. It sees a Marxist Zimbabwe Rhodesia, ruled by the Patriotic Front, as creating a belt of Communist states across Southern Africa, destabilising the less radical regimes in Zambia and Botswana and threatening the survival of both Namibia (South West Africa) and ultimately South Africa itself.

"The future of our country, indeed of the whole constellation of Southern African states, whether they will remain members of the free world or fall prey to Marxism, depends on the statesmanship displayed by the present leaders," Gen. Malan said last week, on the appropriate occasion of the opening of an arms factory. "In this, Rhodesia fills a key role."

The urgency behind that vision was underlined last week of a confidential briefing of South African journalists by senior army officers. They forecast that in an election in Zimbabwe Rhodesia as envisaged under the British settlement plan, the Patriotic Front would win.

Three possible scenarios for intervention have been outlined in Pretoria:

- The first would be at the invitation of "a properly elected government," for instance if Bishop Abel Muzorewa won the election and then faced the continuing guerilla warfare of the Patriotic Front.
- The second would be if there was a breakdown of law and order in the country. This could happen after a Patriotic Front election victory, or at any other time, according to senior officials in Pretoria.
- The third would be "if the people of Rhodesia were not permitted to decide for themselves"—for instance if there was widespread intimidation during an election. This would be unlikely to precipitate action if British supervisors and Commonwealth observers were in charge of an election.

What form any intervention might take is something on which there is a total blackout by the South African military. But the limited options open to the South African Defence Force suggest that there is more bluff to the recent rhetoric than substance.

The one most easily carried out would be a straightforward rescue operation of refugees in the case of an all-out civil war comparable to the 1975 upheaval in Angola. That outcome is still widely regarded in South Africa as the most likely, with the two wings of the Patriotic Front eventually fighting each other along largely tribal lines.

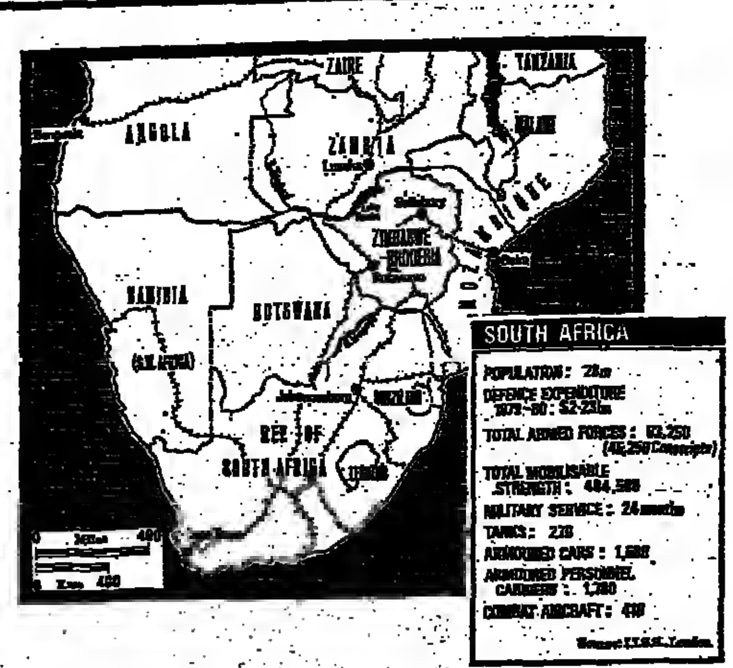
In such circumstances it would be a relatively straightforward operation for South Africa to hold the road from Salisbury to Beitbridge to enable an evacuation, mainly of whites, to take place. A number of farms just south of the border in South Africa's Northern Transvaal are reported to have been bought by the Defence Force as possible refugee camps.

Two other options require greater force, although military informants suggest a brigade would be adequate to "stabilise" the situation. These options are either for South Africa to join with the Rhodesian security forces to wipe out all internal Patriotic Front bases established at the time of the election, or to help obliterate external guerrilla bases in Zambia, Mozambique and Angola.

Another possibility might arise if the Patriotic Front was on Rhodesia. But in all these cases the most likely outcome would be a rapid internationalisation of the conflict—otherwise the initial strike would inevitably become bogged down in guerrilla warfare, which is exactly the sort of war in which the South African Government is terrified of becoming involved.

Hawks in the South African military establishment may well be determined to prove that the retreat of the country's forces from Angola in early 1976 was political, not military. But military observers are unanimous that a dominant body of opinion remains opposed to any extended intervention.

The rhetoric is therefore seen more as a warning to the Patriotic Front not to attempt an armed takeover in Rhodesia, rather than a threat to overturn an elected Patriotic Front Government. But the danger is that any rhetoric can eventually become *self-justifying*.



Pressure grows for budget to halt Australian Liberal Party slide

BY PATRICIA NEWBY IN CANBERRA

AFTER NEARLY a year of speculation and prediction about when Mr. Malcolm Fraser, Australia's Prime Minister, would hold an early election, the pundits and the Press have turned instead to predicting when he will introduce an early budget.

When Parliament rose for the three months' Summer Recess last week, it was generally felt in both the ruling Liberal-National Country party coalition and the Labor Party that there would be no early Federal election in Australia.

An election for the House of Representatives must be held before December next year, and in the usual way, the Federal budget would be introduced in August.

But pressure is mounting from Liberal backbenchers, especially those in marginal seats, for an earlier Budget or at least a mini-budget to stimulate the economy and halt the Liberal Party slide in the opinion polls.

The backbenchers are calling for a budget, possibly as early as February, when Parliament resumes, so that the effects will have time to filter through the economy before an election.

In this respect, they remember the McMahon Government's 1972 budget, which was just taking effect as Gough Whitlam was settling in at the Prime Ministerial residence in Canberra.

Labor is ahead in the opinion polls and the Government is undoubtedly unpopular at present. It appears to be losing the fight against inflation which has been its main justification for the past three years' restraint and high unemployment.

Even by its own forecasts, inflation will rise above 10 per cent in December and unemployment will be made worse by the flood of school-leavers on to the job market in December, at the end of Australia's academic year.

Unemployment at the end of last month was 6 per cent, and among those aged 15-19 was 17.8 per cent.

Mr. Fraser's team, which came to power on a promise of "clean" government after accusations of corruption against the Whitlam Government, has been bedevilled by scandals and allegations of ministerial impropriety.

Factors favouring the ruling coalition are public disenchantment with unions and the possibility of a leadership conflict in the Labor Party, with the prospect of Mr. Bob Hawke, the union leader, entering Parliament and challenging Mr. Bill Hayden, the Leader of the Opposition.

In a blueprint of party strategy for the election year, leaked to the Press earlier this month, Mr. Tony Eggleton, the Liberal Party's Federal director, identifies unemployment and health costs as among areas to be "neutralised." Mr. Eggleton, who was born in Britain, advised Mrs. Thatcher on her election strategy.

The blueprint outlines "ammunition" for use against Labor, including the threat of Socialism and left-wing influences, high taxation, bureaucracy, threat of a capital gains tax, domination by trade unions, leadership conflicts and inflationary public spending.

The issues to be promoted, according to the tactical paper, are economic recovery and national development, responsible fuel policies, sanity on wages and industrial relations, resource development, including uranium, and leadership strength.

Not surprisingly, Labor's election strategy will focus on areas which Mr. Eggleton hopes to "neutralise" for the Liberal Party.

The Australian electorate is volatile at present, with swings as high as 10 per cent recorded in State elections. So although the Liberal-National Country Party coalition at present has a record majority, both sides of politics will be taking the 1980 campaign very seriously.

Israel delays hearing of mayor's appeal

BY DAVID LENNON IN TEL AVIV

ISRAEL yesterday postponed a military appeal board hearing of the application by Mr. Bassam Shaka, Mayor of Nablus, on the occupied West Bank, against a deportation order issued against him two weeks ago.

This postponement was apparently designed to give the Government more time to re-examine its earber decision to banish the outspoken Palestinian nationalist.

Intensive consultations which began on Sunday continued yesterday on ways to drop the deportation proceedings, while ensuring that Mr. Shaka was penalised for what Israel described as his support for Palestinian guerrilla action and incitement against the occupation.

A number of proposals have been raised and rejected in the past two days as both the Government and supporters of the jailed Mayor sought ways out of the conflict.

Israel rejected an Arab proposal that the deportation order be cancelled in exchange for an agreement by West Bank Arabs to drop court proceedings against the Jewish settlement of Eilon Moreh.

For his part, Mr. Shaka rejected an Israeli proposal that he be allowed to remain in the occupied territories provided he resigned his post and agreed to refrain from political activities.

The postponement of the appeal board hearing was a clear indication that further efforts were being made to find a compromise, enabling the cancellation of the deportation order. In turn, this would enable the West Bank and Gaza Strip mayors, who resigned in protest, to resume their posts.

It would also cool the anger on the West Bank where protests continued again yesterday. In Arab East Jerusalem, a total commercial stake was beld, while dozens of West Bank woman and Israeli Jews and Arabs held a sit-down protest at the offices of the International Red Cross in the city.

Mrs. Gandhi may face backlash from Hindus

BY K. K. SHARMA IN NEW DELHI

EVENTS at the Great Mosque in Mecca and subsequent incidents of violence in India could lead to a Hindu backlash against Mrs. Indira Gandhi and her Congress Party in the forthcoming elections.

There was violence at the weekend in Hyderabad and other cities when Moslems clashed with Hindus after the latter refused to close their shops in protest against the Mecca siege.

Mrs. Gandhi and the newly formed Lok Dal (People's Party) of Mr. Charan Singh, the Prime Minister, have been making a strong case in favour of the Moslem electorate and many Hindus fear this will have a direct economic impact on them.

Mrs. Gandhi has recently won the support of Mr. H. N. Bahuguna, a former Finance Minister, who is popular with India's 90m Moslems.

The Imam of the Jama Masjid, the largest Moslem sect in India, has joined her party. One of his major demands is that 20 per cent of jobs in India should be reserved for Moslems.

The ruling party of Mr. Charan Singh is similarly inclined towards the Moslems. The Prime Minister has three Moslem Ministers in the Cabinet and many Hindus believe they should do something to protect their own interests.

What remains of the Janata Party will probably benefit from any concerted Hindu reaction.

The Janata Party is now largely composed of the former (Hindu nationalist) Jana Sangh. Behind the party's disintegration last July lay widespread fears that the Jana Sangh was gaining a stranglehold over it. Now it is possible that Janata will be strengthened by its communal emphasis and will pose a greater challenge to Mrs. Gandhi than previously thought possible.

- The Indian Cabinet has approved a Rs. 385m (about £21m) project for the expansion of the Government-owned Bharat Petroleum Corporation. This involves increasing the capacity of the corporation's refinery at Bombay to 6m tonnes a year.

The plan also envisages an increase in the Bombay unit's capacity to refine any combination of crude obtained from the Middle East, which is the principal source of India's imported oil.

Talboys plea to Europe

MR. BRIAN TALBOYS, New Zealand's Deputy Prime Minister and Foreign Minister, yesterday held talks with West German Ministers on the issue of his country's agricultural exports to the European Community, Roger Boyes reports from Bonn. Mr. Talboys is touring European capitals in an attempt to ensure that New Zealand's interests are not overlooked at the Community's summit in Dublin this week.

Changes for Korea

South Korea's National Assembly yesterday set up a committee to revise the country's constitution, AP reports from Seoul. It was not disclosed when the committee, made up of equal numbers of Government and opposition MPs, would begin work.

Morinaga to quit

Mr. Teiichiro Morinaga, governor of the Bank of Japan, told Mr. Masayoshi Ohira, the Prime Minister, yesterday that he wished to resign when his current term expired on December 16 AP-DJ reports from Tokyo.

هكذا من الأصل

Prices of petrol and diesel soar in Brazil

By Diana Smith in Brasilia

BRAZIL'S energy and economy ministers have approved petrol and diesel price increases in a desperate attempt to force down consumption before the Organisation of Petroleum Exporting Countries (OPEC) meeting in December. They have warned that prices could rise again in January.

Motorists will have to pay 58 per cent more for low-octane "gasohol" (80 per cent petrol and 20 per cent ethyl alcohol). It will cost Cr 22.60 ($0.73) a litre against the present Cr 14.30 ($0.43).

Drivers who use high-octane petrol without added alcohol will have to pay $1.13 a litre, compared with the present $0.70. Further, the National Petroleum Council will allow only sales of high octane petrol in the south, cutting off supplies to other areas.

The price of a litre of diesel, used only for heavy vehicles since diesel cars are banned in Brazil, will rise by 38 per cent to $0.40 a litre.

Between them, petrol and diesel account for 49 per cent of all oil derivatives consumed in Brazil. Current oil imports are about 1m barrels a day, at a cost expected to reach $7bn by the end of the year.

It has been difficult for the Government to convince the public that soaring crude prices call for voluntary restraint, and in private financial officials admit that the time has come for toughness.

If shock price rises do not work, they say, rationing will have to come.

Agencies add: Most of Rio de Janeiro's 18,000 taxi drivers went on strike yesterday in protest over the 58 per cent increase in the price of petrol.

They were demanding a rise in cab fares to compensate for the new petrol prices. The lack of taxis eased the usual chaotic traffic conditions, but created long queues at bus stops.

Forty-six nations were represented at yesterday's opening session in New Orleans of a conference which over four days will explore the use of alcohol-based substitutes for oil.

The keynote address was given by Governor Edwin Edwards, of Louisiana, which is a principal U.S. refiner of conventional fuels and a co-sponsor of the conference.

Our Canadian correspondents assess the Parliamentary scene after Pierre Trudeau's announcement

March of the political lame ducks

LAME DUCKS and walking wounded are littering the Canadian political scene.

● Mr. Pierre Elliott Trudeau, Prime Minister from 1968 until last May, is retiring as leader of the Opposition and of the Liberal Party in the spring.

● Mr. Joe Clark, the Progressive Conservative Prime Minister who squeaked in as head of a minority Government at the general election of May 22, is dependent for survival upon the tacit or open support of some opposition members, specifically the five representatives of Social Credit.

● Mr. Rene Levesque, Premier of Quebec who intends to stage a referendum next year on his proposal for a sovereign Quebec in economic association with the rest of Canada, has suffered several setbacks in by-elections, be even managed to lose a working class seat in eastern Montreal which should on previous form have strongly backed his Parti quebecois.

● For good measure the term of Mr. Gerald Boney, Governor of the Bank of Canada, expires at the end of the year, and the Prime Minister will have the delicate task of deciding whether to re-appoint him. Mr. Bouey has come under heavy fire from the Tory caucus in the House of Commons for following the high interest policy of the U.S. Federal Reserve.

Though the House of Commons was elected in May, it only met in October. Already there have been two no-confidence motions, which Mr. Clark survived only because Social Credit, a conservative splinter group from Quebec, supported him. Then, last week, two by-elections went against the Progressive Conservatives: one, in Newfoundland, went to the Liberals, as in May; but at Prince Albert, in Saskatchewan, a traditionally Tory seat previously held by the late Prime Minister, Mr. John Diefenbaker, was lost to the New Democratic Party (NDP), a social democratic grouping.

That left the House of Commons all but evenly divided between the Liberals and NDP on the one hand, and the Tories with their Social Credit friends on the other. Both sides breathed fire: Mr. John Crosbie, Minister of Finance, threatened an early dissolution, well knowing that the Liberals, and Mr. Trudeau in particular, have not recovered the popularity in English-speaking Canada without which they cannot hope to reverse their defeat of last May; Mr. Trudeau played the aggressive opposition leader.

So his announcement on Thursday that he was retiring took almost everyone by surprise. True, he had come under some pressure to give up even before losing the election; true, too, that the West, where the Liberals are an endangered species, was outraged when he called off a visit to Vancouver, pleading flu, and was then

PARTY STANDINGS IN THE COMMONS	
Prog. Cons.	136
SoCred	5
	141
Liberals	114†
NDP	27
	141

* Tend to vote with Government
† Includes Speaker who has casting vote only, generally used in Government's favour.

photographed dancing in a New York disco. But the political analysts on Parliament Hill in Ottawa none the less considered his timing subtle in the extreme.

There is a tradition in Canada that elections should not be held when one of the leading parties is in the throes of selecting a new leader. Mr. Clark immediately made a statement that he would, indeed, not take advantage of the position the Liberals are in. For the truth of the matter is that neither the Liberals nor the NDP are keen on an early election. What they dread most is a repetition of what happened when Mr. Diefenbaker became minority-Prime Minister in 1957, dissolved, and swept the country including traditionally Liberal Quebec in February 1958.

But now a truce appears to have resulted from Mr. Trudeau's abdication, and the economic climate in Canada next summer may not help the Tory Government. High interest rates will also certainly alienate small business, traditionally a mainstay of Tory strength. Besides, there is no being sure what will happen to the Tories' popular proposal to make tax deductible the interest due on residential mortgages. Neither the NDP nor the Liberals approve of it in its present form, though the Liberals may have more pressing interests before the election of their new leader in March or even later.

As regards interest rates, it has been axiomatic that Canada must keep in step with the U.S. or risk a foreign exchange crisis. For 1979 a current account deficit of C$7bn (about £2.9bn) is in prospect. Next year will be worse, because though merchandise trade is in surplus and the travel deficit lessening, interest payments are soaring on Canada's external debt.

Under such circumstances it is hard to argue for a low interest policy, even though this year's slow real growth of GNP by 2½ per cent is likely to slump to somewhere near 1 per cent in 1980. Since Mr. Clark has not so far carried out a massacre of Liberal-appointed high officials, Mr. Bouey could therefore be safe.

Mr. Crosbie's fiscal prescriptions will become clearer on December 11, the date announced for his budget. The omens are that it will have to be fairly stringent, because the Canadian fiscal deficit has become hard to control.

Mr. Bouey . . . could be in the firing line

It is therefore quite possible that the selection of a new Liberal leader will coincide with a period of economic gloom. That could cause a quick resumption of political fireworks in Ottawa.

The name most frequently mentioned for the Trudeau succession is that of Mr. John Turner, though the party establishment disapproved of his resigning from the cabinet in 1975, showing no economic differences with Mr. Trudeau. In any case these giant leadership conventions with their horsetrading tend to be utterly unpredictable: few people had ever heard much of Mr. Clark before he was picked to be Tory leader in 1976.

Mr. Turner would have the advantage of being good at French, a fact of some significance given that the Quebec referendum is to be held in May or June of next year. Mr. Levesque's Government will ask the Quebec voters whether they wish it to negotiate a new relationship with Ottawa which they call sovereignty-in-association—in practice an independent Quebec in close monetary and economic union with the rest of Canada. Because that formula lacks finality, the outcome is anyone's guess, but there is solid evidence that the voters are afraid of independence proper.

Mr. Levesque's Parti quebecois is deeply divided between separatists and moderates. Moreover, in the federal election, Quebec voted almost solidly for the Liberals which in Quebec's case meant Mr. Trudeau, an uncompromising opponent of Quebec separatism. When the fight for the referendum is on, Mr. Trudeau is unlikely to be found in a New York disco.

Senate in final push for strong windfall profits Bill

BY DAVID BUCHAN IN WASHINGTON

SENATE leaders yesterday began their push for a final vote on the controversial oil windfall profits tax by the end of this week, as a top U.S. Administration official warned that a weak Bill might lead Saudi Arabia to raise oil prices.

Mr. William Miller, the Treasury Secretary, said after weekend talks with the Riyadh Government that the Saudis were unhappy that U.S. oil companies buying their oil, which is presently priced slightly lower than the rest of OPEC crude, were not passing these benefits on to U.S. consumers.

The four U.S. companies that make up the Arabian American Oil Company, which extracts most of Saudi Arabia's Oil, are Exxon, Texaco, Mobil and Standard Oil of California. Only Exxon commented on the charge that the four companies were unfairly enriching themselves on Saudi Oil, and it claimed its U.S. prices for petroleum products were lower than those of many of its competitors.

The Saudi complaint is not new. But voicing it through Mr. Miller serves the purposes of both Riyadh and Washington. For Saudi Arabia, it is an additional justification if it votes to raise prices at next month's meeting of OPEC oil-producing countries in Caracas. For Washington, it means extra pressure to apply to the Senate to strengthen the windfall profits tax.

The tax is aimed at creaming off some of the extra profit U.S. oil companies are expected to make over the next ten years from President Carter's move to phase out price controls on domestic oil. Proceeds from the tax would, under the original Administration plan, go to finance development of alternative fuels and better public transport.

The Administration is fighting to get the Bill, which has been approved by the Senate finance committee, strengthened on the Senate floor. The committee version would bring in only $142bn in the next decade, or half what the Administration Bill called for.

So far the Administration has won only a negative victory, with the Senate defeating efforts by senators from oil-producing States to weaken the windfall Bill even further. This week will see Administration-backed efforts to toughen the profits levy. The House of Representatives has already passed a tax to the White House's liking.

Having made considerable progress this autumn on Mr. Carter's proposals on oil, Congress is starting to turn to the even trickier issue of nuclear power. The House is due today to vote on a proposal to put a formal moratorium on the granting of new nuclear power plant permits until next April.

Various moratoria proposals have been in the air since the Three Mile Island reactor accident last March. The Nuclear Regulator Commission has said, in fact, that, because of the need to absorb and to implement safety lessons from the accident, it will not be awarding any more reactor licences until next spring at the earliest.

This delay by the NRC is likely to postpone the award of any new export permits by the commission for the sale of U.S. reactors abroad.

Action by the House might thus only make official what is already fact. But it would be considered a highly important political signal to the nuclear industry. However, a moratorium raises complex issues, which the Kemeny Commission on nuclear safety was unable to decide one way or another when it issued its October 31 report.

President Carter has also shown himself to be in no hurry to come to a decision about the future course of nuclear power, despite the fact that his competitors for the Democratic nomination, Senator Edward Kennedy and Governor Jerry Brown, have both called for a moratorium.

But the White House may soon have to pronounce, in particular on where it stands on the many safety reforms proposed by the Kemeny Commission.

U.S. inflation rate of 10% predicted by Kahn

By Raymond Whitaker

MR. ALFRED KAHN, chairman of President Jimmy Carter's Council for Price and Wage Stability, yesterday predicted that U.S. inflation would be only 10 per cent by the end of the year, as given by the GNP deflator, which measures the average rise in prices throughout the economy.

Earlier, however, he told a European Investors' conference in London that the U.S. Government did not believe in mandatory controls on wages and prices, and that it had no alternative but to make a radical and direct attack on energy consumption.

Ranging himself firmly against the strong lobby in the U.S. calling for controls on oil prices to be retained, Mr. Kahn said that President Carter's decision to deregulate oil prices was "irreversible."

If demand for fuel rose, the price would rise as well, he said. If objections were made to consequent increases in oil company profits, the Government could only increase the tax on windfall profits.

Mr. Kahn ruled out any attempt to ask Congress for wage and price controls.

His remarks on inflation were made in a Reuters interview after his speech. He said the inflation rate given by the GNP deflator, which measures the average rise in prices throughout the economy, was a more accurate measure than the increase in the consumer price index, which his council had predicted would be 13 per cent for 1979.

In the interview, Mr. Kahn criticised Chrysler workers, who expected Government aid "without even having the decency to take a pay freeze," as he put it.

Mr. Kahn . . . forecast

CBI criticises export aid schemes

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

UK manufacturing companies are still broadly in favour of Britain being part of the Common Market, but are worried that other EEC countries do not abide by all the Community's decisions.

This is the main conclusion of a Confederation of British Industry report which is critical of export aid schemes run by some EEC countries "in contravention of at least the spirit of the Treaty of Rome."

The CBI regards the continued basic support for Britain's EEC membership as significant and, accordingly, published the report last night in advance of Thursday's Dublin summit.

"Our European trade performance has not been as disastrous as it is often thought" commented Sir Peter Tennant, who headed a CBI working party on the report.

"Our deficit with the EEC might have been even larger without membership. CBI members overwhelmingly support membership, though they remain to be convinced that all our EEC partners will play by the Community rules."

The report was prepared by Mr. Roger Nuttall, a Foreign Office civil servant on secondment to the CBI. Its conclusions are based on visits to only 50 companies, and written questionnaires completed by a further 50 concerns, so it is not being presented by the CBI as a major survey.

Nevertheless, its findings have reinforced the CBI's views about problems encountered in exporting to Europe.

The report especially urges that companies should set up branches of local agencies in the EEC.

"British experience in Europe, as well as that of our competitors in Britain, amply demonstrates the importance of having an effective local presence in European markets, particularly the most difficult ones of France and West Germany. The CBI should ram this message home on every suitable occasion."

Companies are also recommended to take shop stewards with them on foreign export trips to try to dispel the UK's strike-torn image.

Mr. Roger Nuttall's study of British Firms Experience in the EEC and Report of the Europe Committee working party. CBI, 21 Tothill Street, London SW1.

EEC starts new talks with Comecon

THE EUROPEAN Community opened a new round of talks in Moscow yesterday with the Soviet-led Comecon bloc in a six-year effort to reach a trade agreement between the two organisations.

The delegations were headed by Mr. Wilhelm Haferkamp, Foreign Affairs member of the European Commission, and Mr. Nikolai Fadeyev, Secretary on Comecon's ruling council.

The nine-nation EEC has already signed bilateral agreements with some of the 10 Comecon countries. But an accord between the two groups has been stalled by the EEC's refusal to recognise Comecon as an organisation of equal standing.

The EEC negotiates on behalf of its members in international talks, while Comecon is viewed by the European Community as a basically consultative group with no member relinquishing sovereignty.

Meanwhile, the Communist Party newspaper Pravda reported yesterday that "internecine war" has broken out in the Common Market as the leaders of the EEC nations prepare for a meeting late this month in Dublin.

AP-DJ

Japan plans £1m China aid

TOKYO — Japan's Foreign Ministry has drafted plans calling for Y500m (about £1m) in aid, beginning next April for six of the eight modernisation projects for which China has asked Japan's assistance, officials said yesterday.

Foreign Ministry officials in charge of Chinese affairs said that they will discuss details of the plans with officials of the finance, international trade and industry and other Government agencies and work out a final proposal, presumably in time for Prime Minister Masayoshi Ohira's trip to China scheduled to begin on December 5.

They said the Foreign Ministry had decided to exclude Chinese plans to build two power stations from their consideration for financial assistance and to determine the amount of aid for each fiscal year, instead of coming out with the total sum for the six projects.

The amount for fiscal 1981 and thereafter has not been decided, but it is understood that it will not exceed the Y500m level set for fiscal 1980. China has asked for $5.5bn in official yen denominated credits for the eight projects that include construction of railways and development of coal and other natural resources.

One Foreign Ministry official said the two power station projects have been dropped "because they were low on China's list of priorities."

The Ministry has decided against requiring China to use the money to purchase equipment only from Japan. This is a departure from the normal Government practice of attaching strings to its loans—a practice that has been criticised recently by the U.S. and other countries as part of Japan's attempt to increase its exports.

● Nissan Motor, Japan's second largest car maker, said yesterday it had received an order for 251 commercial vehicles during an annual export commodities fair held in Guangzhou City in China.

It was the first bulk order for commercial vehicles Nissan has received at the Chinese Fair.

Nissan has shipped about 700 passenger cars to China during the past seven years, but it started exports of commercial vehicles only last October, with the shipment of 286 vehicles.

Nissan's affiliated company, Nissan Diesel, has exported about 6,000 heavy-duty trucks to China since 1969. Reuter

UK mission sees big potential in Alberta

BY FRANK GRAY

CANADA'S oil-rich province of Alberta is rapidly diversifying its economic base, and probably represents the most attractive investment potential in the country for UK businessmen, Mr. Cecil Parkinson, Britain's Minister for Trade, said yesterday.

Mr. Parkinson, who has just returned from a Canadian tour that took him and five British corporate leaders to Alberta and Ontario, said Alberta's growth potential made it more imperative than ever that a British airline be allowed direct access to Western Canada.

He told a Press conference that the resolution of the Heathrow-Gatwick airports' dispute, under which Britain had removed its pressure on Air Canada to shift its operations, had created a more favourable atmosphere in Canada for a resumption of bilateral air talks.

The two Governments were to resume formal negotiations, revolving around expanded Canadian services by a British carrier, in January, he said.

The Minister said the trade mission was "frankly shocked at the scale on which Alberta planned to invest in the next few years . . . and there is no reason why this development will not go ahead because of its relation to Canada's energy needs."

The mission had found a "lack of awareness" among Alberta business interests of the level to which Britain could and was prepared to contribute to the province's development.

A particular apprehension among Canadians was British disinterest in the country because of its increased involvement in the European Economic Community. Mr. Parkinson said Britain was anxious to stress that this was not the case.

He acknowledged that the lifting of exchange controls had not yet reduced the value of the pound and, therefore, had not yet proved a boost to British exporters. The strong pound, however, provided attractive opportunities for British investors. He saw trade rising in the areas of joint ventures, investment, local assembly and provision of technical expertise.

Britain wanted to see a further reduction in the trade imbalance between the two countries.

Last year, UK exports to Canada totalled £740m compared with Canadian imports valued at £1.09bn. This represented an improvement on 1976, when UK exports were £828m and imports were at £1.1bn. For the first nine months this year, exports were at £577m compared with imports of £893m.

Patience urged in Peking trade

BY TONY WALKER IN PEKING

BUSINESSMEN WANTING to trade with China will have to show patience and ingenuity, an experienced China trader said yesterday.

Mr. Bernard Buckman, vice-chairman of the Sino-British Trade Council, was speaking after several rounds of talks with Chinese officials, including Vice-Premier Wang Zhen.

Mr. Buckman said the Chinese freely admitted they had a cash problem, and this was causing difficulties with new projects. However, they would welcome joint venture participation, particularly in smaller, light industrial projects, which would bring a quick return.

Mr. Buckman said the Chinese had given the impression that it may be two to three years before they overcame their liquidity problems.

In the meantime, businessmen would have to go through a "marking time period," but those who saw it through would be well-placed to take advantage of developments in the future.

● People's Insurance of China has insured Chrysoberyl River Development, a Hong Kong company building a Canton residential project, against delays caused by what Xinhua, the official Chinese news agency, termed political incidents, AP-DJ reports from Hong Kong.

The move apparently was designed to lure Hong Kong developers across the border.

According to Mr. Lam Mang Hei, a director of Chrysoberyl, which was formed last month by a group of local contractors, the company will be compensated for delays caused by war, riots, political demonstrations or similar disruptions.

Although two other housing project contracts were signed this year by Hong Kong companies to build apartments in Guangdong and Fujian provinces, the Chrysoberyl project apparently was the first to be insured by the Peking Government.

Swedish claims on Iran

STOCKHOLM — The Swedish Export Credits Guarantee Board has insured around SwKr 700m (£76m) worth of exporters' claims on Iran, of which many are in dollar denominated contracts, a Board official told Reuter.

Iranian Government institutions, which ordered goods and services from Sweden, may have more difficulty than other importers in settling claims from assets outside those frozen in the U.S., the official noted.

Should Iran default, the Board would pay the insured exporters at the same speed as is stipulated in each contract, whether payment terms are for cash or over several years of credit, he added.

The official said most of the insured export contracts should meet with the new Iranian Government's approval, since they relate to high priority and infrastructure projects, power, transport, mining and electrical equipment.

Meanwhile an official at the Swedish Export Council said he thought uninsured claims on Iran were probably much less than the insured SwKr 700m. He added that payments in cash or for major projects appear to be more or less on time so far.

CONSUMERS ATTACK GATT ACCORD

Textile pact 'pushes up price of clothing'

BY RHYS DAVID

THE CLOSE season as far as international textile lobbying is concerned is now over, or so this month's strong criticism by the British Textile Confederation of a report by the Consumers' Association would seem to suggest.

The association claimed in the report that the effect of the GATT Multi Fibre Arrangement, the agreement which regulates world trade in textiles, had been to increase the price of clothing in shops while failing to stop the continued erosion of jobs in the domestic textile industry. The findings have been strongly challenged by the BTC, however, which has criticised the association's research methods, the size of its sample and its conclusions.

The argument is mainly one of interpretation with the textile confederation claiming that many other factors have been at work in the rise that has taken place. In the background, however, is the wider question of whether the Multi-Fibre Arrangement (MFA) should be renewed when it runs out at the end of 1981, and if so, what changes need to be incorporated.

Though the agreement still has more than two years to run, all the main parties affected by it, from manufacturers to retailers and importers, will be seeking soon to influence the views of Government and the EEC on the shape of the next stage of the MFA, and the EEC itself has begun to take some soundings which could be relevant.

Consultants have already been engaged by the Commission to investigate attitudes within the Community's textile industry, with instructions not to take evidence from governments or national trade associations. Its task is to find out how important EEC trade policy decisions — such as import restraint arrangements — are in influencing individual company investment decisions. The EEC is also hoping as a bonus to find out whether the trade association views which it normally receives adequately reflect company attitudes.

Formal negotiations on a new MFA are not expected to begin until spring or summer 1981 but, in the middle of next year, the GATT authorities will be drawing up a report on the way the agreement has worked and giving their preliminary thoughts on whether renewal is necessary. This will then be put to the GATT textile committee next December.

The momentum towards a new agreement has thus begun and, in Britain and other European countries the national trade associations covering textiles and clothing have begun to sketch out the elements they will want to see their Governments and the EEC take through into the negotiations. The BTC has already drawn up its own tentative ideas which are being put to its elected officers this month, and detailed proposals will begin to emerge early next year. Talks will also be taking place within Comitextil, the European federation of textile trade associations, to try to secure a joint approach. The industry will also be lobbying the Government, whose support will be needed if the industry's ideas are to win acceptance in Brussels.

So far the EEC has given only broad indications of the position it may adopt. The commission has apparently accepted the tex[t] the industry's demand that a successor to the MFA—itself the second in the series—is needed and that a return to completely free trade in textiles is no[t] feasible.

The prevailing view within the commission, however, would seem to be that the EEC should accept a less restrictive MFA from 1982.

In Britain, where there are growing fears of a further major shake-out in the textiles and clothing industries as a result of the growth in imports this year from developed as well as developing country suppliers, the demand will be for arrangements to be further tightened. The UK case will almost certainly also include demands, too, for the EEC's Mediterranean Associates and the Lomé Convention countries to be included somehow within the overall quota limits which the EEC will lay down for products. At present, these countries are covered only by informal agreements and understandings which have frequently been breached. The industry is also likely to press as in 1977 for a recession clause tying the growth in imports levels to demand in the market.

As the Consumers' Association report has indicated, however, the UK Government will also be under pressure from consumer groups and importers anxious to see some relaxation in present restrictions. The representations made to the Commission by the different EEC Governments could also be conflicting, with the Germans, as in the past likely to be much less enthusiastic than Britain or France over a continuation or strengthening of the present regime. The developing countries will also be seeking to influence EEC attitudes in favour of greater access for their products.

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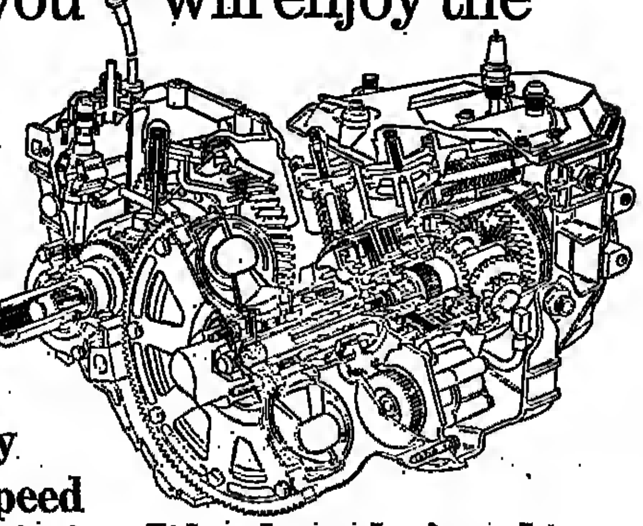

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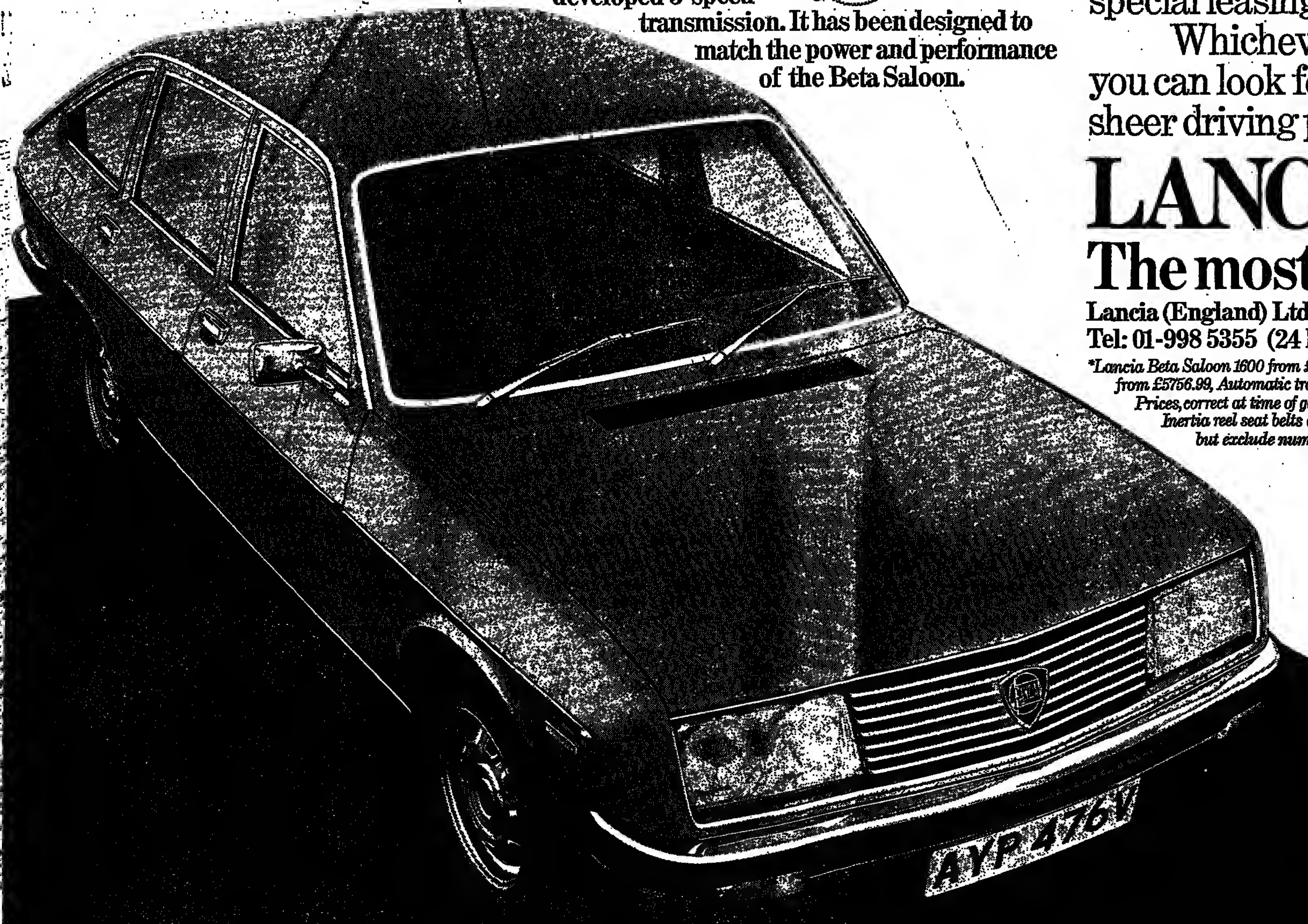

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Move on Ulster talks boycott

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT yesterday received the first two acceptances to its Northern Ireland devolution conference. It then started a new round of talks aimed to persuade the other parties to attend.

As expected, the Rev. Ian Paisley's Democratic Unionist Party and the Alliance Party of Northern Ireland said they would attend the talks due to start early next month.

This still leaves the Official Ulster Unionists and the largely Catholic SDLP—the two largest parties in the province—publicly adopting a very hostile posture to the talks.

Without at least the SDLP at the conference table, the talks would seem to stand very little chance of producing an agreement the Government could then use—as originally hoped—as a basis for proposals to be put before the House of *Commons*.

The SDLP, whose leader Mr. Gerry Fitt resigned last week because he disagreed with his party's outright opposition to the conference, has still to make a formal reply to the invitation. Ministers have not given up hope of finding some form of words which would get Mr. John Hume, the party's new leader, to the conference table.

So far the SDLP has refused to consider attending because the Government does not wish the issue of Irish unity to be included on the agenda.

Mr. Humphrey Atkins, Northern Ireland Secretary, is hoping to meet all the parties involved this week. He appears to hope that Mr. Hume, who will be officially appointed as Mr. Fitt's successor tomorrow, would not want to be seen as the man responsible for preventing the talks.

Mr. Atkins will therefore probably repeat that while the conference will not be able to discuss Irish unity explicitly, any new elected institutions could consider their relations with the Republic.

Mr. Graham Clark, aged 34, has been appointed managing director of Rank Xerox (UK). He has been promoted from the job of director of operations for the company.

Mr. Clark joined Rank Xerox in 1966, and held a series of senior sales positions before going to Xerox in the United States in 1973. In the following two years he held key appointments in staff and line management. He returned to the UK company in 1975 as director of marketing services and was appointed director of operations in 1977.

Graham Clark succeeds Mr. W. Hicks who has been promoted to a new appointment as director of marketing, planning and operations support at Rank Xerox International headquarters.

Crime prevention drive 'a failure'

POLICE in Devon and Cornwall had a disappointing response to a crime prevention campaign aimed at reducing the number of car thefts.

The campaign encouraged motorists to lock their cars, not only to safeguard the vehicles but also to secure possessions left inside.

But the Home Office, in a research paper on the "lock-it" drive, concludes that crime prevention does not always produce tangible results.

"The research shows that the public, while generally aware of the publicity, did not respond to advice to lock their vehicles, and that the campaign had no effect on the level of car crime," the report said.

The only effective way to reduce car theft is to incorporate automatic locking devices on all cars, said the report's authors, who added that the principal effect of steering column locks had been to direct car thieves to older, unprotected vehicles.

The report also evaluates the role of police in school truancy patrols in Bristol.

In a two-week period officers interviewed 324 children found on the streets during school hours, and 36 per cent had no good reason for being out of class.

Daytime crime known to the police, and which could have been committed by juveniles, fell slightly during the patrol period, but this may have been due to chance, said the report, which concluded that patrols of this length and intensity served little purpose in reducing offences.

Court date set for Norwest hearing

BY ANDREW TAYLOR

THE HIGH COURT action being brought by Mr. Ted Brian—until September chief executive of Norwest Holst—against his former company will be heard on December 10.

Mr. Brian, who left the building and civil engineering group after a "policy disagreement," is suing Norwest Holst for breach of contract.

His departure came soon before the publication of the group's interim results, which showed pre-tax profits had risen 10 per cent to £2.42m. The figures included a £4.3m provision to cover expected losses at refurbishing subsidiary Marshall-Andrew, which Norwest Holst acquired for £1m cash in February this year.

Norwest Holst is discussing with the former owners of Marshall-Andrew the losses after acquisition.

£40,000 a year

Mr. Brian, who was earning more than £40,000 a year when he left Norwest Holst, joined the group in 1975 from Trafalgar House Investments. Since then Norwest Holst has moved from pre-tax loss of £3.87m to pre-tax profits of £5.4m in the year to March 31.

Mr. Brian has a 25 per cent stake in Dunham Mount Holdings — a private company controlled by Norwest directors Mr. Arthur Lilley and Mr. Ray Slater, which owns 58.7 per cent of Norwest Holst.

Mr. Slater and Mr. Lilley are discussing with Norwest a bid for the remaining 41 per cent of the group.

Post Office decision praised

By Elaine Williams

THE GOVERNMENT'S plans to end the Post Office monopoly in telecommunications will result in greater competition, said Mr. George Knapp, president of International Telephone and Telegraph's world telecommunications division, yesterday.

At the annual conference in Coventry of telecommunications managers, Mr. Knapp welcomed the Government's plans.

He said that in the U.S., the Federal Communications Commission, which controls telecommunications policy, had authorised and encouraged new services with greater convenience and at lower rates.

The extensive use of electronics in telecommunications would make the system cheap and allow for greater sophistication such as electronic mail systems between companies, totally electronic offices and facsimile services to send pictures electronically, Mr. Knapp said.

Mr. Knapp said demand for the most sophisticated forms of electronics would come from the business sectors because of the pressure of competition.

● The "unreliability" of the first-class letter post has led the London Chamber of Commerce to ask the Monopolies Commission to examine the two-tier system.

The chamber said: "Contrary to the claims of the Post Office, only 72 per cent of first-class mail arrives the day after posting with some letters taking up to four days to arrive."

EEC ruling means big changes, insurance brokers warned

BY ERIC SHORT

INSURANCE brokers in the UK will have to become more involved in quality control and in improving risk management services when an EEC directive on product liability is implemented, Mr. Oliver Prior, director of Sedgwick Forbes Bland Payne International, said in London yesterday.

He told a seminar on the EEC organised by the British Insurance Brokers' Association, that the directive—making manufacturers fully liable for any product defects—will have a considerable impact on insurance brokers.

Insurance brokers will have to rewrite insurance policies to cover the requirements of the directive, which lays down broad limits of indemnity, he said.

Mr. Prior said that during the first seven years of the UK's membership of the EEC, there had been little change in the way brokers transacted business. But he expected that over the next three years, the changes would start to impinge on UK brokers as the directives were implemented.

The Co-Insurance Directive gave some clues to the general mood of the EEC insurers. Its aim was to broaden the methods of operations without affecting the freedom of member states to supervise their insurance industries.

Mr. Giorgio Casagrande, chairman of the Italian Insurance Brokers' Association, said there were two main problems over the complete co-ordination and harmonisation of insurance in the EEC. One related to the tax treatment of insurance premiums, with some countries making substantial tax charges on insurance payments.

The other concerned the question of whether insurance could be placed outside the country of origin of the risk — the problem of admitted and non-admitted insurances.

These two points had to be settled if the aim was to have a free insurance market within the EEC with a client able to purchase insurance anywhere.

Mr. Alan Teale, secretary of the UK Insurance Brokers' European Committee, outlined progress made towards harmonisation of insurance.

Brokers and other intermediaries wishing to operate within the EEC were now required to show they possessed the basic qualifications. They may in future have to produce a certificate of competence which could be obtained from the Department of Trade.

New plant for turbine blade company

AE TURBINE COMPONENTS, the Associated Engineering company specialising in the production of airfoil components for aerospace turbines and industrial gas turbines, is to build a precision casting facility at Garforth, near Leeds.

The plant will cost some £6.6m for land, plant and machinery and including working capital will mean an investment of £10m in the next four years. It will create some 350 jobs and is doe to start production by November 1980.

It will provide the extra capacity to meet the rising demand, which is expected to remain high for the foreseeable future, for turbine blade and nozzle guide vane castings from European and U.S. engine builders.

The new plant will be equipped to produce blade castings using the latest directional solidification (DS) techniques. DS can give the blade up to twice the life of existing blades at the same operating temperature or increase operating temperature (up to 40°C) with a consequent increase in performance.

RAC against cut in road clearance programmes

THE GOVERNMENT has been asked by the Royal Automobile Club to investigate the likely effects of reduced spending on clearing snow and salting and gritting roads this winter.

This move is part of the RAC's Operation Snowfall campaign to urge local authorities not to cut expenditure in these areas.

Mr. Jack Williams, chairman of the RAC's public policy committee, said: "We want to ensure that road transport will be kept moving if weather conditions become as severe as last winter."

Mr. Norman Fowler, the Transport Minister, has been asked about the effects of any cuts in winter maintenance on motorways and trunk roads, which are the responsibility of his department, and county surveyors and city engineers have been asked about plans for roads in their control.

Last winter the RAC criticised several local authorities for their failure to cope with snow and ice. The club said: "It was recognised that a major contributory factor was the lack of adequate resources due to the successive immense cuts in road expenditure during recent years."

ICI said yesterday that there will be a shortage of road salt this winter if the weather is as severe as last year's.

£12.5m extension to be started

TULLIS RUSSELL, the privately-owned paper manufacturer, has been given planning permission to build the first stage of a £12.5m extension to its works at Glenrothes, Fife, Scotland. The investment is intended to give the company a substantial capacity in equipment to produce coated papers.

Kirkcaldy Council yesterday approved the company's application to build a £1.2m building to house raw material preparation equipment. The development, to be operational in mid-1981, will produce about 25,000 tonnes a year.

Sealink fares rise by up to 20% next year

BY ELAINE WILLIAMS

vbgk cmfw vbg cmf vb gcmfb FARES ON Sealink's Northern Ireland and estuary routes will increase by up to 20 per cent next January.

The new rates, for passengers, accompanied cars, cabins and berths, will take effect from January 1 for motorists and their cars on the Stranraer/Larne route, and from January 6 for port to port and rail/sea passengers as well as motorists and cars on other routes.

The second class single fare on the Stranraer/Larne ferry goes up from £3.70 to £4.40. For smaller cars the rate is increased from £24.70 to £29.65, both increases of 20 per cent.

On the Portsmouth to Ryde, Isle of Wight route the single fare will rise 17.4 per cent to £1.35. The Portsmouth to Fishbourne / Lymington - Yarmouth single fare will rise 18 per cent to £1.18. The Hull to New Holland, and Tilbury to Gravesend runs will have similar increases.

Argos cuts toy prices for Christmas

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE ARGOS discount stores group yesterday launched a major price-cutting attack on toys.

Argos yesterday cut prices on about half its range of toys and games sold through its 91 shops throughout the UK. Electronic toys, which are among the fastest selling this year, feature prominently in the cuts.

The Atari video computer game, for example, which usually sells at about £180, is now being sold by Argos for £140.

Argos says the cuts have been introduced to boost sales at a time when consumer demand has not yet reached its usual pre-Christmas level.

"Toy retailers are discovering that shoppers appear to be less eager to buy presents well in advance of Christmas," says Argos. "The portents for any toy retailer who disregards the signs could be grim, with toys remaining unsold on the shelves into the New Year."

Tories' poll posters win top award

By Michael Thompson-Noel

THE Conservative Party's general election poster campaign has won the 1979 grand award for poster advertising in a competition sponsored by British Posters and the Institute of Marketing.

The Conservatives spent more than £1m on an election campaign in which its posters—"Britain's Better Off With The Conservatives"—attracted widespread comment.

The campaign was developed by the Saatchi and Saatchi Garland-Compton agency. The award was presented to Lord Thorneycroft, the Conservative Party chairman, in London yesterday.

The poster awards are claimed to be the only advertising competition which assesses effectiveness of campaigns in terms of achievement rather than style and technique.

The election posters were a unanimous winner, said Professor Gordon Wills of the Cranfield School of Management, chairman of the judges.

"While it is impossible to quantify the contribution of the advertising campaign in relation to other factors, the advertising was an important element in a totally integrated strategic plan," he said. "Posters were undoubtedly an important element in the advertising mix, and their impact cannot be challenged."

Rodin fetches record £118,000

THE SALEROOM season is moving towards its pre-Christmas peak with remarkable prices at auctions in Monte Carlo and London.

At the Sporting d'Hiver in Monte Carlo on Sunday night Sotheby's sold sculptures for £875,494, with a record price of £117,977 for one by Rodin. It was Jean d'Aire, un pour le monument: Les bourgeois de Calais. Another Rodin, Eve, made £92,134.

There was also an auction record for a work by Bourdelle—£65,168 for his Grande Penelope No. 1.

The first part of the collection of Louis Cartier, a member of the famous family of jewellers and inventor of the wrist watch, brought £844,730.

A group of six 18th-century royal family armchairs from the Chateau de St. Cloud, by G. Jacob, were bought for £112,359. The French Government has decreed that they cannot leave France, but the purchaser has a home in that country. A table à écrire stamped J. Dautriche sold for £84,269.

Yesterday, in a general sale of 18th-century French furniture, etc., the bird automaton which sold for a record £90,000 at the Mentmore sale in 1977 set another automaton record of £106,741.

Sotheby's also held two important sales in London, one of primitive art which totalled £271,150 and one of prints which brought £676,570.

SALEROOM

BY ANTONY THORNCROFT

A Senufo wooden rhythm pounding figure in the shape of a female at work, with good provenance, sold for £95,000 plus the 11.5 per cent buyers' premium and VAT. M. Simpson, the New York dealer, secured a large Dogon female figure for £27,000 and a Hemba wood caryatid stool for £15,000. He also bought the controversial Jivaro Indian shrunken head for £1,100.

Among the prints the best prices were £55,000 for Madonna-liebendes weib by Edvard Munch and also for Madchen auf der Brucke by the same artist. The lonely ones, also by Munch, sold for £45,000 and another example of the same print in different colours for £35,000. Manao Tupapau by Gauguin fetched £27,000. Just 15 per cent of lots were bought in.

A fairly early small bracket clock made by Tompion sold for £15,000 in a Christie's clocks and watches sale which totalled £254,655. A George III mahogany organ longcase clock by George Hewett was bought by Bushe, the London dealer for £12,000, while a Japanese hanging bell clock of around 1800 went for £11,000.

At Phillip's, a 16th-century Ferrarese school painting of saints went for £8,200, four times the estimate, while a pair of 18th-century Venetian school views of the island of St. Mark realised £7,500, double forecast.

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Computer to handle 999 calls to Yard

BY JOHN LLOYD

BRITAIN'S largest police force, the Metropolitan Police, is computerising its emergency call procedures, using a £7m system ordered from the U.S. company Sperry Univac.

The heart of the system will be a specially-built computerised central command and control room in New Scotland Yard. It will replace the system which has been used since the mid-sixties.

The control room will be linked to divisional control rooms throughout the capital, and to the 600 police stations, all of which will be provided with terminals.

When complete in 1982, the system will be able to display on video screens in police stations, divisional headquarters and in the Yard, the location of the person making the emergency call (identified by call, by location, or local exchange) and the deployment of police cars and police forces in the area.

Scotland Yard said yesterday that it would "virtually eliminate error" in emergency call procedures.

The system comprises a Sperry Univac 1100/62 multi-processor computer, seven V77-800 minicomputers and 600 computer terminals. It has been adopted after a two-year trial with a pilot system installed at Y division, in north London.

Safeguards

The purpose of the new system appears to be to accelerate police response to emergency calls. But police recognition of public disquiet over computerisation of police records is reflected in a statement made about the purchase by the Metropolitan Police Commissioner, Sir David McNee.

He said: "Computerisation is viewed by some people with alarm. The police service is not insensitive to these fears, and it acknowledges the need for safeguards against misuse.

"Computers, however, offer great possibilities for improving efficiency in the storage, retrieval and security of information and in the deployment of resources."

A statement issued by Mr. Jock Wilson, the assistant commissioner, said: "This will not make us more remote from the community—we have simultaneously reorganised the force to get more bobbies on the beat."

● Public authorities like the police forces are not bound by the preferential purchasing agreement under which central Government departments buy computer systems from International Computers — though there is generally a bias towards ICL by public bodies.

But the preferential purchasing agreement itself will cease at the end of next year under EEC regulations.

ICL says it is unconcerned by this, since public sector purchases now account for only 5-8 per cent of its sales, a share it believes it will hold.

Sperry, on the other hand, said yesterday it expected to benefit from the opening up of the Government market.

Spend more to build better offices says architect

BY COLIN AMERY

MANY OFFICES built in the last 20 years are likely to have a very short economic life, Mr. Alex Gordon, a former president of the Royal Institute of British Architects, said yesterday in the annual Bossom lecture at the Royal Society of Arts.

The average life cycle of an office building as erected was about 20 years, after which it would need to be refitted. Many office developments built in the 50s and 60s were already in need of extensive refurbishment.

New office buildings were likely to be out of use for three years out of every 20 because they were inflexibly planned when first built. The range of specialist functions in buildings changed so frequently that it was almost impossible to design with any sense of permanence.

Financial considerations were now the all-powerful influences on building design.

In both the public and the private sectors choice favoured the lowest initial cost. In the private sector this was because of the tax structure. In the public sector it was attributable to the impact of discounted cash flow techniques.

The proportion of Britain's national capital formation represented by buildings was considerably less than that of other countries in the EEC, except Ireland. Mr. Gordon criticised this "short-sighted" approach and felt that it was building up problems for the future.

There is no future, Mr. Gordon said, in the worldwide trend towards a "throwaway society." The only way to encourage repair rather than renewal was to use a larger proportion of national resources for better quality buildings.

Architects must be prepared to tell clients that they must spend more initially to provide buildings that would serve them for a long time.

Big rise in micro controls forecast

Financial Times Reporter

THE WESTERN European market for microprocessor-based process control instrumentation will grow dramatically in the next few years—from \$6.94m last year to \$124.86m in 1984 and \$404.62m in 1989—according to a report by U.S. consultants Frost and Sullivan.

The growth—of 1,700 per cent over the forecast period—is paralleled by a huge increase in the share of the market for control instrumentation which microprocessor-based systems will command. That is scheduled to increase from less than 1 per cent last year to 12 per cent by 1984 and 32.5 per cent by 1989.

West Germany will provide the largest market in Europe, with a share of 27.7 per cent, worth \$75m, in 1984, and growing to 35 per cent, worth \$505m in 1989. The UK will be in second place in 1984, with a 26 per cent share worth \$70m, but is forecast to lose its place to France by 1989.

In 1989 market shares are forecast to be: Germany 34.8 per cent; France 20.5 per cent; UK 20 per cent; Italy 10.8 per cent; and others 13.7 per cent.

The chemicals and petrochemicals sector is the largest user of process control instrumentation. This position is expected to be maintained in the next ten years.

The power generation market is expected to increase particularly rapidly, from a market worth \$1m in 1978 to one worth \$225m in 1989.

● A number of UK companies are engaged in strengthening their presence in this sector. Apart from General Electric, these include Thorn and Northern Engineering Industries.

Chipboard gains over plywood

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AFTER SEVERAL difficult years in which production had to be cut severely, the UK chipboard industry has expanded and recaptured some of the market share it lost to imports.

Mr. Bob Watson, chairman of the British Wood Chipboard Manufacturers' Association, said yesterday figures for the first nine months of this year showed the UK market rose more than 11 per cent to 1.5m cubic metres.

In addition, although one company closed in September British mills were increasing their market share, from 27.6 per cent in 1978 to 30.9 per cent.

Sales in Britain in 1979 were expected to be 10 per cent above the level for last year, rather than growing by only 5 per cent as forecast a few months ago.

Mr. Watson said this advance must have been made at the expense of plywood and other sheet materials, since building activity was decreasing and the furniture industry was operating below peak capacity.

Users of chipboard had accepted the need for higher selling prices, made necessary by the cost of the chemical binding material used in manufacture, which was oil-based.

But cost increases had hit foreign producers harder than those in the UK and importers were finding it difficult to get supplies of low cost board from overseas.

In the past few years, British manufacturers have fought against low price imports and have brought actions for dumping against several countries.

But Mr. Watson said exports from Sweden, Germany and Belgium, whose producers could cover production costs in their own home markets and were therefore able to export at marginal prices, still posed a threat to the UK industry.

They could start exporting again as soon as their home markets became profitable.

"The outlook for next year is unclear. With further cuts clearly forecast for building and furniture, it is difficult to predict even the maintenance of current demand levels," Mr. Watson said.

"But with cost controls being applied, there could be market opportunities for chipboard when builders and other manufacturers realise the savings that can ba made by using it."

High interest rates may mean disaster for many companies

BY ELAINE WILLIAMS

HIGH interest rate levels could mean disaster for many companies if sustained for too long, Mr. Donald Grant, president of the Institute of Chartered Accountants of Scotland, said yesterday.

He also gave a warning that new enterprises would be deterred and called on his members to help industry and commerce through the difficult economic period ahead.

Mr. Grant commented: "With the disappearance or contraction over the last few years of several of our traditional industries, it is necessary that new industries and skills must be encouraged." Accountants should cast off their "blinkers" and restricted outlook ... accept a full role in the ... of commerce and industry.

Although government ... development ... and banks played a major role to encourage new enterprise, a deplorably small number of businesses are set up, Mr. Grant added.

He said, however, that there were signs that the flood of bureaucracy which had beset the UK since the last war was receding. There was an opportunity to support ambition and enterprise and to give due reward for hard work.

Many people who had the ability to become entrepreneurs lacked "the blueprint for their aspirations and so denied themselves the opportunity of obtaining initial funds or backing to start on their own ... an area where ... a major ... Grant ... their case for backing and to guide them through the initial minefields of financial, accounting and business problems."

But he warned: "In our capacity as auditors of companies we are becoming little more than highly skilled, albeit highly sophisticated technicians, who increasingly are expected to follow fixed lines and systems in carrying out our work.

It was time for auditors to report on a much wider basis on the effectiveness and general efficiency of the company.

But he commented: "There will be those particularly in larger companies who say this is an unwarranted intrusion into the realms of management. But I see it simply as complementing the role of manager ... in ..."

Alternative energy study criticised

BY DAVID FISHLOCK, SCIENCE EDITOR

AN OPEN University proposal that Britain could replace its nuclear power programme with a variety of other energy sources, thereby saving money and creating more jobs, has been severely criticised by Aberdeen University.

Professor David Pearce, professor of political economy at Aberdeen, alleges the study contaisn major errors which not only render it valueless, but constitute "a retrograde step in the debate about the comparative desirability of nuclear and non-nuclear futures."

Professor Pearce has been helping the Department of Energy assess proposals for national energy mixes which would minimise future demand, in particular for nuclear energy.

The Open University study, "Energy options and employment," was published last February. Its main author Dr. David Elliott.

The study was taken very seriously by nuclear energy opponents seeking to demonstrate that plans of successive British Governments to expand Britain's nuclear capacity would harm the economy.

The study attempts to show how the 40,000 MW of nuclear capacity, as assumed by the Department in its forecasts for Britain by the turn of the century, could be replaced by a mixture of other energy sources—wave, tidal, wind and solar—plus energy conservation programme.

Professor Pearce says even though the study has exaggerated the contribution which might be made from alternative energies, its total still falls short of the nuclear capacity assumed. It also exaggerates the quality of the energy which could be obtained from alternative sources.

On the question of costs, he says the study has considerably over-estimated the probable costs of the nuclear programme by £9bn-£13bn.

Road haulage costs up 9%

ROAD HAULAGE costs rose by about nine per cent in the third quarter of the year, according to the Freight Transport Association.

The increase compares with the rise of 21 per cent in costs over the previous 12 months, a ... which included the ... the Road Haulage Associa- ...

Charity for homeless warns against cuts

THE PLIGHT of hundreds of homeless pensioners who are sleeping rough or in temporary accommodation is emphasised in a report, published yesterday, by the Crisis at Christmas organisation.

Mr. Nicholas Scott, the Conservative MP for Kensington and Chelsea who is chairman of the charity's trustees, writes in the report—More In Sorrow Than In Anger—that it seems tragic that people of pensionable age still slip through the welfare state system.

"Many have been homeless and alne foor years, some come from broken homes, others are mentally or physically disabled, and others have succumbed to the pressures of modern life," he writes.

Mr. Scott, in an appeal for funds to help agencies which care for the single homeless, says that the projects the charity supported will be hard-pressed during the present economic stringency.

"In particular, twn of our agencies are directly affected by the withdrawal of the Department of Health and Social Security's funding to non-hospital projects working in the field of alcoholic rehabilitation, and the passing of responsibility for this work to local autharities," be says. "It is unlikely that they will be able to fulfil this role."

Dr. Richard Smith says in the report that next spring the Government will withdraw grants totalling nearly £230,000 to voluntary organisations which provide hostels for homeless people with a drinking problem. The Government estimates that there are 500,000 people with a drink problem, but much of the help for them will disappear if these cuts are made, he says.

Union chief defends direct labour

BY ANDREW TAYLOR

GOVERNMENT proposals to introduce stricter controls on local-authority-controlled direct labour organisations have been strongly criticised by Mr. Les Wood, general secretary of the construction union UCATT.

Mr. Wood said: "The closing or cutting of direct labour organisations will allow unrestricted profiteering by private contractors." He estimated that 250,000 jobs would disappear if over 500 such organisations were wound up as a result of projected legislation

"DLOs have been the butt of a sustained political campaign by private contractors and the Tory party, anxious to ensure that DLOs do not receive an increased share of a depressed construction market and do not provide competition for contractors who would otherwise be able to tender for work at much higher prices," added Mr. Wood.

The Government intends to introduce legislation giving it the right to close local-authority DLOs which have been "consistently unsuccessful."

It has said that DLOs would be expected to earn a rate of return equivalent to the average in the private sector. An initial target of 5 per cent return on capital employed seems likely to be set.

A consultative paper produced by the Department of Environment this year said that proposed legislation "would empower the Secretary of State to remove or curtail the powers of an authority to employ its own direct labour where it has shown itself to be consistently unsuccessful."

In addition, the proposals included measures to ensure fairer competition between DLOs and private industry for public construction contracts.

MPs in talks to save textile trade

BY RHYS DAVID, TEXTILES CORRESPONDENT

LEADING industrialists, trade union leaders, MPs and members of the European Parliament are being brought together in Bradford on Friday by the West Yorkshire Metropolitan County Council to discuss problems in the wool textile and clothing industries.

The move follows the recent loss of several thousand jobs and fears that further closures may be on the way.

Mr. John Holt, chairman of the county council's employment and economic development committee, said yesterday: "In the past other attempts have been made to show governments that the wool textile and clothing industries are being battered almost out of existence. Unfortunately they do not so far appear to have gained any positive responses from the Government. This time we mean to keep up the pressure."

In the past two years 12,000 jobs had been lost and the rate appeared to be accelerating.

"The major problems faced by the industry are the ones of unfair competition. Dumping of textiles by Eastern European and Mediterranean countries is also of great concern."

Breaches of quotas and misleading labels on Italian imports were also undermining the home market.

Sales survey offers little cheer for building industry

BY ANDREW TAYLOR

SALES OF building materials are still clinging to a level slightly higher than that of a year ago, but the outlook for the industry remains uncertain, according to the latest Builders Merchants' Federation survey.

The monthly figures show that sales in September were 2.1 per cent higher than those for the same month last year, while sales on a cumulative 12-month basis were 4.6 per cent higher, virtually the same position as in August.

Mr. Reg Williams, director of the BMF, said: "It is impossible to say whether there is any change in the gradually declining trend over the past five months, but it would be unwise to be too hopeful."

The figures follow a series of depressing workload surveys, published by various bodies in the construction industry, which indicate a decline in the rate of new orders this autumn.

Output figures have been distorted this year by bad weather and the industrial action of last winter, which led to a "catch-up" period of activity during the summer. Latest surveys indicate that this has now come to an end.

Sales by builders' merchants have also been cushioned to some extent by home improvements, repairs, and maintenance work, one of the few growth sectors for the construction industry over the past 18 months.

The industry is now uncertain what effect record interest and mortgage rates, combined with sharply-rising building costs, will have on this market.

The BMF figures show that sales of building materials in North-East England had risen by 12.2 per cent in the 12 months to the end of September, closely followed by Scotland, 11.5 per cent. Sales in London and the South-East rose by 6.5 per cent.

The only area to show a decrease over the year was the Midlands, where sales have fallen by 7 per cent.

Britain's record thirst for wine

THE BRITISH are likely to drink more than 100m gallons of wine this year—14m gallons more than last year.

Mr. Vincent Larvan, chairman of the Wine and Spirit Association, said yesterday that Christmas sales were expected to push the total past the 100m gallons for the first time.

Ladbroke would go for new licences

BY JAMES BARTHOLOMEW

LADBROKE GROUP will start procedures necessary to apply for new casino licences next year if Knightsbridge Crown Court refuses to renew existing ones.

Four of its licences relating to three operating casinos are currently being opposed by the police and the Playboy Club. The licences concern the Hertford Club, the Hyde Park Casino and the Ladbroke Club, three of the group's most profitable properties.

Ladbroke is appealing in the Crown Court against the refusal of South Westminster magistrates to renew the four licences last July.

The Ladbroke Club probably has the "biggest game" in London—that is, it will accept the largest bets. The casino division as a whole is estimated to have contributed about half the group's total profit of £41m in 1978.

Mr. Geoffrey Spreckley, head of Ladbroke's casino activities, said that the group would definitely apply for new licences if it lost the existing ones. Before it can apply, it must obtain "certificates of consent" from the Gaming Board of Great Britain. These certificates are permissions to apply.

Mr. Spreckley said the chances of receiving the certificates would depend on the reasons which might be given by the Crown Court for refusing to renew the existing licences.

Guernsey income tax to stay 20p

THE STANDARD rate of income tax in Guernsey should stay at 20p in the pound and there should be no increase in indirect taxation, says the island budget report published yesterday.

Substantial improvements in income tax allowances for 1980 are also proposed in the report, by the island's finance committee. It is due to be debated by the island Parliament on December 12.

The report shows that the island's balance on revenue account this year, before charging capital expenditure, is likely to be £5.2m compared with the original estimate of £3.2m.

One of the main factors has been an additional £2.5m in income tax receipts over the estimated £20m.

Next year's improved tax allowances will cost £1.8m for Guernsey and £72,000 for Alderney.

University unit given £60,000

THE INTERNATIONAL business unit at the University of Manchester Institute of Science and Technology bas been given a £60,000 award by the Leverbulme Trust to expand research into international management contracts.

The unit's research, which will concentrate on the developing countries of the Middle East and Central Africa, will investigate the general principles and practices behind such contracts and build up an expertise which will be available to British industry and Government policymakers.

Orders for bulk carriers revive

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THERE has been a sharp increase in the number and tonnage of bulg carriers ordered over the last three months. Fairplay International, report that 86 hulk carriers totalling 4.8m dwt were ordered in the period August-October 1979, nearly double the tonnage ordered in the previous three months.

The growth in orders reflects thte recovery in the dry cargo market this year. In the November - January quarter, shipowners placed seven orders for 0.2m dwt, in February-April this rose to 35 ships (1.2m dwt), and in May-July 52 ships (2.6m dwt) were ordered.

The increase accounted for over half of all new orders placed at world shipyards, says Fairplay International's World Ships on Order. In the three months to November 1979, 317 ships (9.1m dwt) were ordered, thet highest figure for several years.

During the latest period, orders for tankers fell from 133 ships (5.1m dwt) to 85 ships (3.2m dwt). Orders for 144 dry cargo ships (0.8m dwt) and eight container ships (0.1m dwt) were placed. The latter was the lowest figure for several years and reflects the growing over-capacity in this sector of the market.

Japanese shipyards won orders for 130 ships (4.8m dwt) during the past three months and it appears that many of the yards there which were declared as bankrupt have been brought back into production.

At the en do October there was a total of 447 ships (16.5m dwt) on order in Japan out of a total world order book of 2,171 ships (57.4m dwt). Brazil has the second biggest order book (143 ships, 4.9m dwt), followed by the U.S. (52 ships, 4.1m dwt) and Poland (110 ships, 4.1m dwt).

WORLD ORDERBOOK
(excluding ferries, passenger and miscellaneous vessels)

	Vessels nn nrder No.	Tons d.w.
Jan. 1974	3583	268,365,994
April 1974	3583	273,037,858
July 1974	3579	265,779,176
Oct. 1974	3673	260,158,445
Jan. 1975	3586	245,634,119
April 1975	3551	230,055,706
July 1975	3372	202,929,965
Oct. 1975	3238	187,465,113
Jan. 1976	3212	162,647,910
April 1976	3250	145,207,168
July 1976	3238	126,990,922
Oct. 1976	3318	119,200,565
Jan. 1977	3352	107,591,560
April 1977	3180	94,909,732
July 1977	3062	85,449,744
Oct. 1977	2979	78,950,159
Jan. 1978	2784	69,643,268
April 1978	2626	64,068,463
July 1978	2576	60,680,299
Oct. 1978	2403	56,519,318
Jan. 1979	2325	53,801,869
April 1979	2191	51,482,047
July 1979	2142	53,361,427
Oct. 1979	2171	57,382,683

Source: Fairplay International

Shell drivers reject offer worth up to 23%

BY PHILIP BASSETT AND GARETH GRIFFITHS

HELL's 2,500 tanker drivers nd distribution manual worers yesterday rejected the ompany's latest pay offer, worth between 22 and 23 per ent in a full year.

A delegate conference of enior Transport and General Vorkers' Union shop stewards oted to reject the offer on the dvice of their negotiators. The nion wants more on basic pay nd a hack payment to July of per cent.

The company, the first in the egotiating round, made an nproved offer last Tuesday ivolving raising hasic ratea nd overtime earnings by 18 per ent. The basic weekly wage ould rise from £78 to £92. mprovements on conditions and a lump sum of £150 make up the rest of the package. Payment of the lump sum is dependent on a settlement being reached hy the beginning of December.

Shell said at the time of the new offer it would be final and no further money was available unless it was linked to productivity deals. The union negotiators point out that the eight to 10,000 tanker drivers in the oil industry bave pay rates generally below that of general haulage drivers. Tanker drivers in BP, Texaco and Esso—like Shell—all appear to be beading for settlements above 20 per cent.

● *Ford yesterday put to its* white-collar staff a broadly-comparable offer to that worth 21.5 per cent now heing considered by the company's manual workers.

The offer, which was still heing discussed last night at talks between the company and the three unions representing the white-collar staff, gives increases nf 20.5 per cent on rates and other improvements.

Many Ford manual workers yesterdoy accepted their pay offer, which is being recommended hy union negotiators, and the rest, including those at the Dagenham plant, are expected to follow suit today hefore an expected formal acceptance at a meeting between the company and the unions tomorrow.

BBC action 'has cost £820,000'

By Gareth Griffiths, Labour Staff

THE BBC estimates the regrading dispnte with the Association of Broadcasting Staff has cost it £820,000 over the past fortnight in lost production of 46 programmes.

Two meetings today could result in resumed talks. Mr. Tony Hearn, ABS general secretary, is meeting Mr. Ian Trethowan, the BBC's Director-General, for a general discussion about the effects of the television licence fee increases but it is expected the regrading issue will come up.

The national executive committee of the ABS will meet to discuss the dispute. The union policy is to back walk outs by staff affected by a regrading freeze. The ABS has said it will only resume discussions on a new grading system *if the freeze is lifted.*

The BBC says about 450 people who have walked out have been taken off the pay roll, including 150 regional staff.

Most of them have been sound staff and technical operations crew members.

Ezra warns miners: pay offer already too high

BY PHILIP BASSETT, LABOUR STAFF

SIR DEREK EZRA, chairman of the National Coal Board, said yesterday that in making the 20 per cent pay offer on which Britain'a 240,000 miners will vote on Friday the board had gone beyond what the industry could afford.

Sir Derek, writing in a special issue of Coal News, the board's journal, formally opened a public campaign to persuade the miners to vote against the recommendation of the National Union of Mineworkers' executive that the offer be rejected.

He said the board bad made a fair offer on pay, which could not be increased without putting at risk the markets on which the industry relied. "The books have been opened to union negotiators and show we have already exceeded the limit the industry can afford."

The board had taken that chance in the hope that recently improved productivity and prodnction would continue.

The special issue of the journal, which will be followed by an edition of the union's own paper urging support for the executive's rejection of the offer, sets out details of the board's proposals. These would raise the highest coalface basic rate from £84.95 to £101.95 and the minimum surface rate from £61.35 to £73.65.

The Prime Minister was asked yesterday by the South Derbyshire area executive of the union, representing a traditionally moderate miners' area, to intervene before the ballot and get the offer increased.

Mr. Ken Toon, a national executive member, said the area executive believed Mrs. Thatcher could tell Sir Derek Ezra to reopen the pay talks.

The area council for Derbyshire, representing 12,000 miners, yesterday recommended a yes vote on Friday, which would endorse the union's rejection of the offer and give anthority for industrial action. Nottinghamshire area council also urged its 34,000 miners to vote against the offer.

Yorkshire opencast strike

BY OUR LABOUR STAFF

OPENCAST miners at two sites in Yorkshire yesterday came out on strike over productivity agreements. All 8,000 workers at sites throughout the country are due to stage the second of their four planned one-day strikes tomorrow.

Nearly 100 men at the Gamblethorpe and Angler's sites of Fairclough Parkinson, a Leeds based opencast company, walked ont over an argument over what the workers said were penal clauses in productivity agreements. A further 350 opencast workers are in a separale dispute at a site at Westfield in Fife.

Mr. George Henderson, Transport and General Workers' Union national aecretary for hnilding and construction, said yesterday that after last week's one-day stoppage, *which* be *claimed* had been fully supported, there had been calls for an intensification of the action.

The dispnte is over an increase and extension of allowances negotiated on top of the main national civil engineering agreement.

Welsh TUC seeks coke row talks

BY ROBIN REEVES, WELSH CORRESPONDENT

WALES TUC officials are to seek an urgent meeting with the British Steel Corporation and the National Coal Board to press for a quick solution to the row over increased coking coal imports.

The move was decided in Cardiff yesterday at special talks between trade unions involved in the controversy. The meeting, wbicb included representatives of the transport and steel unions as well as the mining unions, gave unanimous hacking to the NUM's campaign against BSC's increased purchases of foreign coking coal.

The NCB bas warned they could trigger pit closures and jobs losses in the UK mining industry. Besides giving its general support, the meeting also gave unanimous backing to the planned blacking of an 18,000 tonnes shipment of U.S. coking coal which is due to arrive at Newport, Gwent, in about a week's time, destined for the BSC's Llanwern steelworks.

Newport dockers bave already agreed to an NUM plea to black the cargo unless a satisfactory agreement is arrived at between the two nationalised undertakings in the meantime.

Pickets let oil through

ICKETS at Charing Cross bosital, London, allowed vital oil ipplies througb last nigbt—nly bours before stocks were rpected to run out.

Earlier. Mr. Vic Ripley, for ie bospital, said an Esso taner was standing by outside tbe ospital while the Esso management talked to engineering worers to try to get them to agree let it tbrough. At tbat stage, e said, it looked like stalemate.

Mr. Ripley had said the bostal would stay open, even if it n out of oil, because there as room elsewhere for all 350 tients.

A lack of oil would bave enat cold wards, no bot water r washing, cooking or sterilisg equipment.

The strike, by 55 engineers, arted when two were sacked r refusing to change an alr ter because they said it was t their job.

TUC boycotts NEB

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TUC is to boycott the National Enterprise Board following the disagreement over the Government's decision to transfer direct control of Rolls-Royce to the Department of Industry.

The finance and general purposes committee of the TUC yesterday decided to recommend that trade unionists serving on the North Western and North Eastern regional boards of the NEB sbould resign and not he replaced. These boards—each bas one trade union member—have until now continued intact in spite of the mass resignation of the main board last week.

Members of the TUC finance and general purposes committee yesterday considered a request from Sir Keith Joseph, Industry Secretary, that they should nominate trade unionists to serve on the new board.

But the committee decided to propose to the full TUC General Council tomorrow that there was "no basis on which trade union representatives could serve on the new board, given the shabby way the old hoard had heen treated."

TUC representatives intend to use the next meeting of the National Economic Development Council on December 5 to express to Ministers their deep concern about the Government's attitude towards the NEB.

Former FT writer challenges finding of industrial court

ORMER Financial Times urnalist C. Gordon Tether, 10 was dismissed after an litorial dispute over the connt of his daily column, aimed yesterday that during s years on the newspaper be id been given the "prescripve rigbt" to cboose his nwn bjects and to write about em in his own way.

He was speaking at the mployment Appeal Tribunal London, wbere he is iallenging tbe rejection by an dustrial trihunal of his ifair dismissal claim.

Mr. Tether, 85, of Lawforda ill Road, Worplesdon, Surrey, id claimed reinstatement and impensation.

The industrial trihunal ecided after a 44-day hearing iat he was dismissed in 1978 ecause the working relationip between him and the newsiper's editor, Mr. Fredy isher, broke down irreparably. nder his contract, be was not ee to write on matters of his vn choosing, the trihunal held.

Mr. Tether told the appeal ibunal yesterday: "My case is at there is overwbelming idence that, under the editorip of Sir Gordon Newton, I otained the prescriptive right choose my nwn suhjects and rite about them in my own ay."

In bringing the appeal, he ad no desire to harass or ersecute the Financial Times, e told Mr. Justice Slynn, who as sitting with a lay judge om each side of industry.

Mr. Tether said the ontcome f the case could bave importnt implications for Press reedom and joh security, articularly in the field of ournalistic supervision. He aid that the dispute over ontrol of his column arose uring 1973, the first year of he editorship of Mr. Fisber, who succeeded Sir Gordon Newton.

"My case was that I chose he subject of the articles and lecided how tn deal with them hroughout the 18 years in which I was writing the column under Sir Gordon Newton. There was no arrangement whereby I should consult the editor on either nf these matters."

He suhmitted tbat one of the errors made by the industrial tribunal was to treat the concept of editorial control "as though it was a kind of monolithic entity."

He added: "They failed even to recognise the possibility that it could take different forms and be exercised in different ways in relations to different journalists."

He argued that a suggestion to "lay off" a certain subject for a while could not be taken to indicate a general rigbt on an editor'a part to control subject matter. There was no evidence of any difficulties in bis relationship with Sir Gordon.

Mr. Tether said the first "bannings" of his articles occurred early in 1974 and continued at a gradually increasing rate.

"My case before the industrial tribunal was that, in behaving in this way, the editor was trying to restrict my freedom to express my view in the column. This was in hreach of my contract witb the Financial Times."

He maintained there was evidence confirming that there was no arrangement requiring him to consult Sir Gordon about subjects or how to write them. "He (Sir Gordon) confirmed that over 18 years I was not told, on a single occasion, to write or not write a subject," Mr. Tether said.

He suhmitted that the industrial tribunal findings were "in broad terms perverse from start to finish."

Employers did not, as a general rule in contracts of employment, bave a right to make material changes in the terms and conditions of employeees without their consent, Mr. Tether maintained. Had the tribunal directed itself properly in law, it would have concluded that the editor could not alter a journalist'a joh without his consent.

No reasonahle tribunal could have found that the Financial Times bad discbarged the hurden of proving an established custom in Fleet Street wbereby editors had tbe right to alter nnilaterally the jobs of their journalists.

"To imply a term that the editor has a divine right to alter the job of a journalist would be totally unreasonahle and nnnecessary baving regard to the circumstances," Mr. Tether said.

"The implication of such a term leaves the employee without protection from tyrannical or arbitrary bebaviour by an editor and totally deprives him of joh security.

"To give an employer such unfettered discretion is totally inconsistent with the nature of employment relationships in the final quarter of this century."

Mr. Tother said the reason Mr. Fisher wanted more control over his column was dissatisfaction with the quality of some of the articles. "If he had not takne this attitude there would bave been no dispnte and no dismissal."

Mr. Tether criticised the tribuunal for not making a finding on the issue over his competence. "There was overwhelming evidence there bad been no decline in competence and that the quality of the articles banned was as higb as those that were publisbed."

The bearing was adjourned until today.

UK NEWS—PARLIAMENT and POLITICS

Mixed reception for lords, ladies and gentlemen

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

LABOUR MPs seethed with puritanical indignation in the Commons yesterday when the Prime Minister announced that she is to reintroduce the award of honours to members of political parties, for both political and public services.

Mr. James Callaghan, leader of the Opposition, made it clear that the Labour Party would have nothing to do with the idea.

He certainly would not be putting forward political names for the New Year's Honours List when the reversion to the old system comes into effect.

Reminding Mrs. Thatcher that political honours were scrapped by the Wilson Government in 1966, he suggested that her surprise announcement might be yet another diversion from the Commons debate on mortgages and the other troubles now afflicting the Government.

Instead, he proposed a general review of the honours system, to make it more restrictive instead of extending it.

There were sceptical jeers from Labour MPs when the Prime Minister rejected the idea of a general inquiry and maintained that her proposal would help a number of people in the political parties to perform "absolutely vital services to democracy."

The Liberal leader, Mr. David Steel, got the best of both worlds. He thought the proposal was sensible, but that political honours should only be awarded for really outstanding services.

Mrs. Thatcher, he said, should not use the system to "dangle knighthoods in front of her revolting backbenchers."

But there was worse to come for Labour zealots. To their horror, the Prime Minister hinted she might be prepared to go even further. Mr. Donald Anderson (Lab. Swanley East) inquired whether she would continue the counter-revolution by reintroducing hereditary peerages.

This was intended as one of those rhetorical questions which usually get brushed aside. To the surprise of everyone, Mrs. Thatcher coolly observed that she did not wholly exclude the possibility of this, but that it would have to be for some achievement of "very, very great distinction."

This brought a gushing response from Mr. John Stokes (C. Halesowen and Stourbridge) a stalwart defender of royalty, an official of the Primrose League and vice-chairman of the Royal Society of St. George.

He predicted that the creation of new hereditary peers "will cause widespread satisfaction throughout the whole country." Shouting above the jeers of Labour backbenchers, he said that the English always love a lord.

The political honours were also rejected by Mr. Donald Stewart, leader of the Scottish Nationalists, who suggested that the whole thing had been "cooked up as a bribe" to keep Tory backbenchers in line at a time of rising mortgage rates and Government expenditure cuts.

Haughtily, Mrs. Thatcher indicated that nothing was farther from her mind and such a suggestion was entirely unworthy.

The House waited with relish for Mr. Anthony Wedgwood-Benn (Labour, Bristol South East) to rise to his feet. Not only is he a leading Left winger, he also has the distinction of renouncing his own peerage.

According to him, patronage is one of the great cancers of our society, corrupting those who grant honours as well as those who receive them. The present system made Britain a laughing stock of the world, he said.

Another of Labour's levellers, Mr. Eric Heffer, (Labour, Liverpool Walton), dismissed the honours system as "an absolute load of rubbish." The only accolade he and his friends wanted was the recognition that they had done a good job for the working class.

Unfortunately, the effect of all this righteous clamour was spoiled by Mr. Peter Emery (Conservative, Honiton).

He reminded the Opposition that Conservative MPs were often approached in their constituencies by Labour Party officials seeking recognition for their own party workers.

Heseltine rules out help for home buyers

BY IVOR OWEN, PARLIAMENTARY STAFF

SHORT-TERM intervention by the Government to help home buyers faced by the record 15 per cent mortgage rate was ruled out by Mr. Michael Heseltine, Environment Secretary, in the Commons last night.

He again attributed the main blame for the current high level of interest rates to the unjustified wage settlements of last winter, and denied Labour charges of "financial mismanagement."

Mr. Roy Hattersley, Labour's shadow environment secretary, who did not call for Government intervention, endorsed forecasts that the "uniquely" high level of mortgage rates is likely to persist for some time.

In announcing that the Government would not intervene, Mr. Heseltine acknowledged that there might be occasions when a temporary subsidy could be appropriate.

Insisting that this was not one of them, he declared: "There are limits to the possibility and desirability of protecting people from the consequences of their actions.

"Last winter's pay claims are this year's borrowing requirement, interest rates and mortgage bills."

There was no purpose, Mr. Heseltine maintained, in anything other than the shortest of terms in attemping to isolate mortgage rates from the prevailing economic climate.

"To subsidise them (and to achieve a 2½ per cent reduction would cost £155m for three months) would simply encourage house price rises and switch the burden from those who have just bought to those seeking to buy."

To Tory cheers, the Minister maintained that the central task was to change the economic climate. In addition to the battle against inflation, the Government was doing all it possibly could to encourage home building and ownership.

Mr. Heseltine stressed the crucial link between the rates of interest prevailing in the market and those charged and paid by the building societies.

Building societies, he said, attracted much of their funds from the same people as central government. There were some 18m savers all of whom had to be persuaded to leave their resources with the building societies.

"So long as central government borrows at the level of £8bn to £9bn per annum, all interest rates will be affected by that level of borrowing.

"It is not building societies that set rates of interest—they react to the market and in Britain today, the market is dominated by the high demands of Government borrowing."

Mr. Heseltine contended that interest rates in Britain had also been affected by the increase in Government borrowing made necessary by the strikes which had delayed the receipts due from telephone bills and VAT.

The position had also been worsened by the rise in international interest rates.

Acknowledging the hardship which the record interest rate would cause many home buyers, Mr. Heseltine welcomed the indications from the building societies that, where possible, they would extend repayment terms so that monthly instalments did not have to be increased.

He admitted, too, the special problems faced by those wanting to buy a house for the first time and who had seen, particularly during the Labour Government, house prices rising faster than their ability to save.

For this reason, the recent signs of a significant levelling off in house prices were particularly welcome.

Mr. Hattersley bluntly asserted that the record mortgage interest rate was the direct result of the economic and financial policies which the Government had chosen to follow. It was not simply monetarism, but excessive monetarism and incompetent monetarism at that.

The increase in MLR to 17 per cent, and the consequent increases in other interest rates, were directly the result of Government incompetence in attempting both to deflate the economy and to reduce direct taxation at the same time.

These two aims were mutually incompatible, had turned the Government's economic policy into a farce and in the process even [illegible] those people it was most anxious to assist.

As a result of the new level of mortgage repayments, families with average earnings buying their houses would see the benefits they had gained from the income tax reductions made in the Budget wiped out at a stroke.

Mr. Hattersley warned: "I think the MLR will persist at its historically high level so long as the Prime Minister persists with her monetary remedy to all our problems and as the monetary remedy continues to fail."

He argued that the Government's attempt to secure building society finance to facilititate its programme for selling council houses to sitting tenants would also have the effect of driving up mortgage interest rates.

He claimed that when MLR was increased to 14 per cent in the June budget, the building societies had delayed implementing an increase in mortgage rate because of Ministerial nods and winks that interest rates would soon fall back to a lower level.

Now, said Mr. Hattersley, the building societies knew that they had been duped.

Because of what the Government had done in July, home buyers were facing a record increase in monthly mortgage repayments, and there was the likelihood of a mortgage famine as well.

An Opposition motion, which recalled that the Conservative election manifesto itself linked high mortgage rates to Government financial mismanagement, was defeated by 304 votes to 258.

An amendment reaffirming support for the essential measures which the Government had taken to reduce its claim on public expenditure and to combat inflation was approved without a division.

Ashley Ashwood

Mr. Michael Heseltine (left) and Mr. Roy Hattersley.

Euro-Tory wrath at Budget let down

By Elinor Goodman

THE LEADER of the Conservative delegation at the European Parliament is expected to ask for an early meeting with the Prime Minister to complain at the way the Government voted against the changes in the 1980 EEC budget which the European Tories fought for two weeks ago in Strasbourg.

Mr. Jim Scott Hopkins is likely to tell Mrs. Thatcher that while he understands that the Government must give priority at the moment to the wider qnestion of Britaio's contribution to the EEC hudget, the Government may well have thrown away a valuable opportunity to do something about escalating farm spending by its votes at the meeting of Finance Ministers in Brussels last week.

Two weeks ago, Tory MEPs were congratulating themselves on having played a decisive role in persuading the Parliament to accept an amendment to the proposed 1980 Budget.

This took the Parliament into agricultural spending for the first time and would have resulted in a small, but symbolic shift in farm spending from the dairy sector and into reserves.

The European Parliament also restored many of the cuts in regional and social spending made to tha Commission's draft Bndget by the Council of Ministers earlier in the year.

The British European members clearly thought they had dona the Government a good turn, and most were counting on Britain supporting them when the draft Budget came back to the Council of Ministers.

But at Friday's meeting of Budget Ministers, the British Government decided to vote against the Parliament's amendments. This was interpreted as a conciliatory gesture to the French before this week's crucial EEC Summit in Dublin.

The French and some other countries, are opposed to any extension of the European Parliament's powers and the British Government evidently decided not to risk alienating them further by supporting what it could argue was only a very small shift in agricultural spending.

Yesterday, bowever, some Euro-MPs were privately furious at the way they felt they bad been let down and their "sweat and bloed washed down the drain."

Others acknowledged that, in the circumstances, it was to have been expected that Ministers would have put the question of Britain's contributions first.

Uproar over changed answer

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A FURIOUS Commons row suddenly blew up yesterday over allegations that a civil servant may have "tampered" with and changed a Minister's written reply to two Parliamentary questions about council house sales.

Mr. John Stanley, Minister for Housing and Construction, admitted to MPs that answers he had approved to two questions from Mr. Jack Straw (Lab., Blackburn) were not those which subsequently appeared in Hansard, the official report, or were delivered to Mr. Straw.

Opposition MPs were enraged by the announcement and Mr. James Callaghan, Opposition leader, immediately leaped to the despatch box to demand a full explanation.

Several minutes of angry exchanges followed until Mr. George Thomas, the Speaker, restored calm by promising to inquire into the matter and report back to the House.

A Labour backbencher, Mr. Michael English (Nottingham W), warned that he might seek to raise it as a breach of Parliamentary privilege.

Mr. Callaghan described the incident as "without parallel."

It was, he said, unheard of for different answers from those approved by a Minister to appear in Hansard. He demanded an explanation as to who had "altered" the original answers.

Mr. Stanley explained that what had happened had been a result of an administrative error.

"The wrong answer was sent to Mr. Straw and we shall make inquiries in the Department to see how that happened."

Mr. Straw raised the matter in the House after reading a report about council house sales in a newspaper yesterday.

The report had referred to a Department of the Environment paper containing similar information which Mr. Straw had sought in his two questions.

The questions concerned the period of residence of existing tenants and what information the Government had received from local authorities about council house sales.

Mr. Anthony Wedgwood Benn (Lab. Bristol SE) said that any civil servant who had tampered with the delivery of a written reply to Parliament was guilty of a high crime and misdemeanour.

Mr. James Callaghan

Inquiry into Cabinet leak

THE Government is investigating a leak of Cabinet papers published in the Sunday Times last week, detailing a series of controversial policy options under consideration.

The Prime Minister confirmed the investigation yesterday in a written reply to Mr. Austin Mitchell (Lab., Grimsby) and Mr. Robert Atkins (C., Preston N.).

The newspaper report had described the Cabinet papers as detailing "medium and long-term plans extending the frontiers of free enterprise."

The options in the papers included referring restrictive labour practices to the Monopolies Commission, deprivileging the Civil Service, supporting managerial authority in disputes, and diminishing the power of Civil Service unions.

The Sunday Times said the options were prepared by Mrs. Thatcher's economic adviser, Mr. John Hoskins.

● BANK ADVICE: Banks should persuade their customers of the implications of monetary policy, Mr. Nigel Lawson, Financial Secretary to the Treasury, told the Commons last night. "Policy designed to achieve the monetary targets applies to banks generally and it is important that all banks should themselves recognise and should persuade their customers of the implication of monetary policy."

● GAS DEMAND: Any attempt to meet a vastly increased demand for gas caused by soaring oil prices could lead to supply interruptions, Energy Secretary David Howell warned.

● OIL PLATFORMS: The Government believes there are good prospects for two or three oil platform orders being placed on the UK continental shelf in 1980, Mr. Hamish Gray, Energy Minister of State, told the Commons.

● COHABITATION RULE: A total of 1,197 widows had their National Insurance pensions withdrawn in 1978 on grounds of co-habitation, Mr. Reg Prentice, Social Security Minister, said.

● HYGIENIC COMMUTING: A grey-haired man was removed from the Strangers' Gallery after showering MPs with leaflets. They were headed The Association to Promote Improved Conditions on British Rail and urged travellers to keep their feet on the floor—not on seats.

Bakers choose leader

MR. JOSEPH MARINO, a 53-year-old Manchester cake factory worker, will become one of Britain's youngest trade union leaders when he takes over as general secretary of the Bakers' Union.

Ha succeeds Mr. Sam Maddox, who died in April. Mr. Marino has been a member of the union's national executive for the past six years.

Fewer than one-fifth of the union's 50,000 members voted in the four-man election. Mr. Marino polled 3,137 votes to beat Mr. Jack Kennedy of the Northumberland Durham area by a majority of 608.

Mr. Peter Carlin, also from the Northumberland and Durham area, polled 2,342 votes with Mr. Serge Kuchamy of Bristol collecting 1,521.

Before the election, the original five candidates were set an examination on trade union matters, to see if they were suitable contenders for the £7,000 a year job—and only Mr. Marino was successful.

The union refused to allow him to take office unopposed and declared the examination results void. A second examination was arranged with questions set by the TUC before the ballot finally went ahead.

Mr. Marino said yesterday that his main aims will be to encourage more participation in union affairs and to improve pay and conditions in an industry which relies heavily on overtime.

Howell orders report on nuclear safety

BRITAIN will not use Pressurised Water Nuclear Reactors until a full safety clearance has been given and the public provided with the full facts Mr. David Howell, Energy Secretary, told the Commons yesterday.

A Pressurised Water Reactor caused the recent incident at Harrisburg in Pennsylvania.

Mr. Howell said he did not believe in Government "cover-ups" of nuclear incidents.

However, Mr. Anthony Wedgwood Benn, former Energy Secretary, said that anxiety about the PWR had been confirmed by the Harrisburg incident and by apparent cracks in French PWRs.

He demanded that a PWR should not be ordered in this country "until all the facts have been published so that everybody can see what the factors are."

Mr. Howell told Mr. Benn: "That publication will take place."

He said that the PWR, or any new design of reactor, would not be used until it had been given full safety clearance by "well tried and laid down safety procedures."

He had asked for an evaluation from the Health and Safety Executive and the Central Electricity Generating Board, he said, adding that there were a number of PWR designs other than the one used at Harrisburg.

Mr. Joe Ashton, opposition energy spokesman, called for a full and immediate disclosure of information to the public of any incident at a nuclear power station, and claimed that in the past such incidents had been "covered up."

Mr. Howell replied: "It is my view that there should be full Government discussion on incidents and developments involving any hazard to the public. That must be the basis on which confidence is established for the nuclear power programme in this country."

He did not believe in any "cover up."

In answer to Mr. Phillip Whitehead (Lab. Derby N), who attacked Mrs. Thatcher's "infatuation" with the expansion of the nuclear power programme as "foolish and dangerous," Mr. Howell said it would be an "unjustifiable risk" to plan a future without some form of nuclear power.

Later, Mr. Norman Lamont, Energy Under-Secretary, said that the Central Electricity Generating Board believed that nuclear electricity was "fully competitive."

Answering Mr. Frank Hooley (Lab., Sheffield Heeley), who had criticised the Advanced Gas-Cooled Reactor Programme, Mr. Lamont said the programme bad given Britain cheap electricity.

Mr. Lamont had told MPs that the UK's Atomic Energy Authority had spent £131.9m on nuclear energy research and development in 1978-79, compared with the Government's £2.4m on alternative forms of energy.

But research money for alternative forms would rise to £6.9m in 1979-80, he said.

On the possibility of collaboration with the French, Mr. Howell said the Atomic Energy Authority and other parties had been exploring possibilities with the French and he expected a report before Christmas.

Plans to cut NHS red tape

By Elaine Williams

THE GOVERNMENT is expected to issue a consultative document soon on the National Health Service.

It will lay down proposals on streamlining the NHS, with plans to decentralise administration and to cut one tier of the management system.

It is in response to an earlier document published by the Royal Commission. The aim is to reduce red tape and to cut down wage costs for the NHS.

The Department of Health and Social Security has already been running a "cost control exercise" to curtail its expenditure on management costs.

The NHS has already reached a target figure set by the DHSS that its management costs should not exceed 5.25 per cent of its total revenue expenditure.

This has been achieved by a loss of 3,100 jobs through natural wastage. In 1976, management expenditure contributed to 5.6 per cent of revenue costs in England but this has now been reduced to 5.2 per cent. Similar savings have been made in Wales and to a lesser extent Scotland.

In the last financial year, such savings released £16m for patient care.

Sir Patrick Nairn, Permanent Under-Secretary at the DHSS, said that the Department would be seeking a "cheaper pattern of administration" which would be achieved by simplifying the administrative sector.

However, he could not be more specific about which areas would be affected.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PRINTING

Setting on a big screen

WITH A rate of growth likely to double its turnover in only two years, the Varityper division of AM International is set on a course which could take it to the leading position in direct-entry phototypesetting in the near future.

From $80m in 1978, sales have risen to $106m this fiscal year and the division is now ready to launch its latest product—Comp-Edit—outside the U.S. now that its work on other alphabets and text orders is complete. If this product meets with the success that greeted it in America, with 1500 sold in the first year, Varityper's growth in Europe and other markets outsida the U.S. is assured. Indeed, the company has already received 100 pre-launch orders on the strength of what visitors have seen in the U.S.

Salient points of the equipment are the very large screen —biggest available with any direct-entry equipment—which carries two function lines at the head of any text so that the operator and other staff know exactly what work is in hand. Screen capacity is 40 lines.

Sixteen type styles are offered in 138 point sizes from 5½ to 24. Scrolling capability of the screen is 8,000 characters and the line length is 70 picas.

With dual floppy discs giving np to 600,000 characters of storage, the unit has three microprocessors to improve performance and is capable of simultaneous text capture and copy prodnction. It will handle up to six terminals.

To reduce frequently used routines to minimal key strokes the machine provides 1,500 codes which can be turned into a variety of statements to give processing short-cuts.

There are many other important developments from previous equipment, including extensive machine diagnostics.

According to John Russell, managing director elect of the Varityper company which will begin to operate in Britain on January 1, potential users will be interested to know that despite swingeing rises in interest rates, AM Leasing will be offering unchanged charges up to the end of the year.

He explained the formation of the new company to specialise in typesetting equipment as reflecting the need to concentrate management in each field of expertise of the parent group. It is intended gradually to move the whole Varityper operation outside the U.S. in this direction.

He analysed current activities as heing 85 per cent sales to small and medium general printers and 10 per cent to the in-plant market.

Varityper, AM International, 44, Churcb Street, Luton, Beds. 0582 28391.

● IN THE OFFICE

Flat filing system

DESIGNED PARTICULARLY for accommodating beavy stacks of drawings or artwork in drawing offices and design studios, is a horizontal plan filing system by Teknomali available from Uno Sales, 684 Mitcham Road, Croydon (01-684 6171).

Made of solid wood and finished in white or cream, it is made in three sizes of five-drawer units.

Mounted on plinths, the robust construction allows for a modular huild-up of one or more units, thus offering maximum storage at minimum floor space.

● ELECTRONICS

Aids design of circuits

COMPEDA has released the first module of the Gaelic 80 package for the design of integrated circuits—two months ahead of schedule. Known as DRC 80.1, it is for design rule checking and allows the user to set up his own rules, making the system independent of the technology being used.

The new capability enables requirements to he defined more precisely. Trials have shown that the number of errors, whicb would normally require manual interpretation later, is redneed by a factor of ten.

Ability to view, edit and correct errors on the same machine and run the program on any rule, by any area, ensures a sbarp reduction in the overall project cost of checking out an IC layout.

Compeda specialises in the world-wide marketing and support of high technology software systems for computer aided design and engineering applications.

Gaelic provides the dasigner with the most powerful set of facilities currently available for the input, editing and production of artwork used in the manufacture of even the most complex integrated circuits. A second module, a logic simulator, is dne for release within the next few waeks.

Compeda, Walkern Road, Stevenage, Herts, SG1 3QP. 0483 56123.

● NORTH SEA OIL

Will serve the rigs

BECAUSE THE oil industry requires vessels, not only for transport of personnel and material to drilling platforms, but also for diving and maintenance puposes, Oresundsvarvet yard at Landskrooa in south Sweden, are producing four unusual offshore vessels for the Stena Shipping Line.

First ship is nearing completion and will undergo strenuous trials next month before embarkiog upon a two-year stint with her crew of 82.

Function of the flotilla will be to supply oil drilling platforms with drilling pipes, as well as cement, fresh water and drilling water. The ships make it possible to repair the frame of the drilling rig and platform, and replace or repair piping located deep in the sea where only the most sophisticated welding equipment can be utilised.

Life saving equipment includes a bospital, fire-fighting equipment, etc., and the vessels are specially designed for safety and security operations, such as evacuating crews from platforms in hazardous weather or in the eveot of accidents.

With some 110 passengers being comfortahly accommodated—mostly in single or double berth cabins with shower and toilet—the ships double up as floating hotels. In the event of a disaster, up to 250 survivors can be taken aboard.

Tbe company says that it is vital for the vessels to remain still when divers are working at depths of perhaps 300 metres (or making observations at 450 metres), and they are, tharefore, equipped with two how thrusters and two thrusters aft which pass vertically through the hull and can ba rotated 360 degrees.

Vessels are more than 110 metres long and about 20 metres wide with a top speed of 15.6 knots. They have a draught of 6.7 metres and dead weight of 5,850 tonnes.

They can perform almost anywhere, says the company, as long as the seas are reasooably free of ice in accordance with the standards set forth by the Finnish-Swedish Ice Class 1A stipulations.

Oresundsvarvet, Box 510, S-261, 24 Landskrona, Sweden (0418 168 50).

● ENERGY

Solar water heating project

A LARGE solar water-heating system of novel design has just been brought into use at a new students' hall of residence for the Kirkcaldy College of Technology, Fife Region, Scotland.

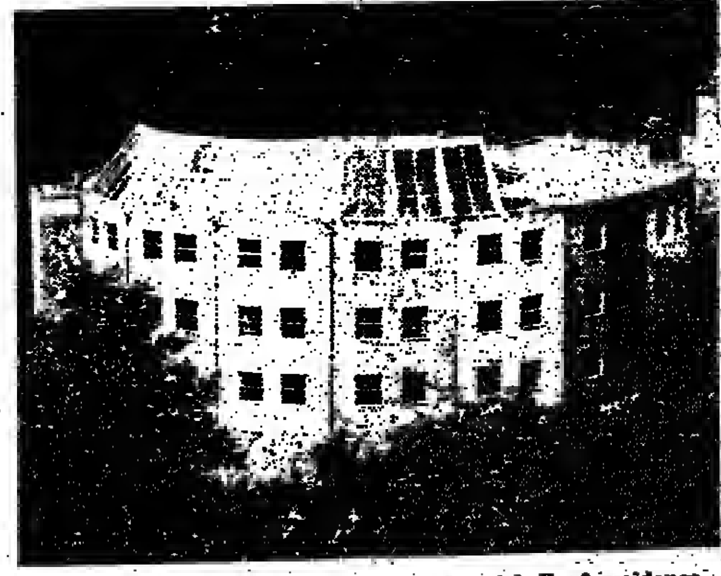
The system, using a solar array covering 72 square metres, is expected to provide up to 35 kW of power to preheat domestic hot water supplies for the hall of residence.

The installation is a co-operative venture, the panels being supplied by TI, with Napier College Edinburgh, as engineering consultants, the Fife Regional Council Architects' Department, as designers of the hall of residence and the Fife Regional Works Department as contractor.

The venture is jointly funded by TI and the Department of Energy and it forms part of the solar heating research and development programme which is managed for the Department by the Energy Technology Support Unit.

Each of the 40 panels, 1.8 metres high and 1 metre wide and grouped in ten bays of four, is formed by a "serpentine" of stainless steel tube embedded in a sheet of Supral superplastic aluminium alloy, developed at the TI Research Laboratory, Hinxton Hall, near Cambridge and the British Aluminium Technological Centre at Chalfont, has all the properties of conventional aluminium alloys, except that, at forming temperatures of about 450 degrees C, it can be stretched by up to 1,000 per cent, rather than the usual 10-15 per cent.

This means that the sheet can be formed into the most complex shapes simply by blowing it over or into simple formers, without the need for expensive matched tools. TI and British Aluminium have a joint company, TI Superform, to exploit this, and Supral has already seen wide service.



Kirkcaldy College of Technology students' hall of residence with its 72 square metres of solar panels.

A particular advantage claimed for Supral in solar panels is that the sheet can be easily forced into intimate contact with the stainless steel water tube by placing the tube "serpentine" on a flat tool in the special forming press and applying air pressure to the hot Supral sheet. Such is the formability of the material that the tube is firmly embraced over 270 degrees of its circumference. This provides excellent thermal transfer from sheet to tube and a strong mechanical construction.

Since the panels use a stainless steel tube waterway they are not susceptible to corrosion in the cooling circuit as may be the case with aluminium roll-bonded. The use of the aluminium plate however, permits a lightweight panel of good thermal response. The finished plate weighs less than 5 kg per square metre and is easily handled by one man.

Production of the 40 panels for Kirkcaldy was very much a joint operation by a number of TI units. The tube was produced by TI Steel Tube Division, and formed into the "serpentines" at Hinxton Hall. TI Superform fabricated the panels, which were then coated with a TI Drynamels black, heat-absorbing and corrosion-resistant epoxy powder coating. Backing insulation of expanded polyurethane was applied by TI Parkray.

The solar installation at Kirkcaldy is an important architectural feature of the circular building. About a quarter of the roof's circumference from South-East to South-West, is taken up by a "penthouse" with sloping walls, the outer ones formed from the solar panels mounted in patent glazing units.

The panels are arranged in two groups, the circulating system being controlled so that maximum collection can be obtained during the early and later parts of the day.

The water is circulated continuously, when conditions are suitable, through the solar panels and a pair of heat exchangers, where it gives up its heat to a secondary circuit feeding four insulated storage tanks. It is from these tanks that water is drawn off for use.

Because the maximum solar energy is extracted when the difference between water temperature and solar panel is greatest—not when the water is heated to as high a temperature as possible, care has been taken in the design of the system to ensure maximum circulation of the coolest available water through the panels.

A series of valves provides for the circulation of water between the four tanks on the one hand, and around the solar panels according to the direction of the run on the other, so that the coolest available water is supplied to the panels, and the warmest supply water taken from the appropriate tank.

This calls for quite a complicated control system but a few simple button pressing operations keep the system running at optimum efficiency.

Although from Fife Region's point of view the main expectation of the scheme is to save energy and cost in keeping the students supplied with hot water, Napier College, the Department of Energy and TI are more interested in monitoring the performance of the system to help arrive at the most efficient designs for the future.

To this end, Napier College, with support from the Science Research Council, is sponsoring a research assistant to study the system in use, and the installation is being equipped with extensive instrumentation. This includes solarimeters to measure the amount of radiation falling on each set of panels, flow-rate meters to measure every part of the system, and a wide range of thermometers. The outputs of all these instruments will be recorded on a data logger for future computer analysis.

● AUTOMATION

Auto-test company expands

GENRAD, a U.S.-based company that makes nothing but automatic test equipment and claims to be the largest maker of such systems with likely sales for 1979 exceeding $100m, is expanding its operations in the UK.

The UK subsidiary is moving from Bourne End in Buckinghamshire to a 25,000 sq ft facility at Maidenhead, where about £1.5m has been invested.

Facilities include demonstration and customer training areas, board programming and support services, full audio-visual presentation and educational support, together with servicing, spares and stocks of the complete product range.

The new premises are at Norreys Drive, Maidenhead SL6 4BP (0628 39181).

● MACHINE TOOLS

Gets press out of a jam

DE-JAM IS the name of a re-usable, inexpensive, power press jam release system suitable for most presses and is guaranteed to release any jam.

When a blockage occurs all that is needed to activate the device is to connect the two terminals on the thermal unit to the normal electrical supply. The unit rapidly heats up to approximately 250 degrees C softening the polymer compression plates on either side.

The plates thin down under pressure of the jam, thereby releasing the crankshaft. They are discarded and replaced with new plates, and the press is ready again for immediate use.

The equipment can be moved from press to press, permanently fixed, or used on various tooling. It is easily activated when a blockage stops the machine and reloading time is negligible. The whole operation can take less than an hour, cutting expensive down time or tool damage, usually associated with conventional release alternatives.

Release Equipment, 47, Surbiton Road, Kingston, Surrey. 01-546 4521.

● POLLUTION

Defence against oil spillage

DESIGNED PRIMARILY for location at harbour entrances, where pollution by floating oil slicks would have serious consequences, is a self-contained, transportable boom reeling unit, known as the Biggs/Hoyle Reel Boom from Biggs Wall and Co., Hampden House, Hitchin Road, Arlesey, Beds.

Equipment comprises a boom winch mounted across one end of the machinery platform and housing the full length of the boom, the winch being driven through a clutch and gearbox from a three-cylinder air-cooled diesel engine.

Boom itself is constructed of pvc coated polyester and consists of two air chambers side by side with a central skirt which contains a tensioning wire.

Two air pressurising hoses run along the top of the boom enabling it to be inflated from the outer end while being unreeled and launched.

● INSTRUMENTS

Chart recorder options

BRYANS SOUTHERN Instruments, which now has subsidiaries in France and Germany and has achieved a turnover in excess of £4 in 1978, has enhanced its 50000 range of X-Y chart recorders to a total of 18 main frames and is also offering a version able to plot from digital data, or digitise existing graphics.

All the designs are aimed at achieving very high performance at relatively low cost: the Y axis for example has a peak acceleration of 10,000 cm/sec/sec and achieves a writing speed of 200 cm/sec. The result is an accurate response to the near vertical edges which arise from fast rising signal inputs. In addition the level of distortion is kept to a minimum by ensuring that the maximum axial overshoot is kept below 1mm for all single pen versions.

For signal processing, time-base control and provision of the digital facilities, a number of modules can be used in combinations to take account of changing laboratory or workshop requirements and make servicing simpler.

Recent developments include a facility allowing A4 paper to be used on A3 machines, extremely hard surfaced feedback potentiometers which are self-cleaning, and improved offset arrangements.

Digital facilities are available on the A3 size mainframe and the unit can be fitted with IEEE or RS232C interface making it equally useful for inputs from computer based instrumentation systems, minicomputers and time sharing systems via telephone line modems.

A buffer memory with 2000 or 4000 charactar capacity and data transfer rates up to 9600 baud allows the plotter to receive instructions at speeds much greater than plotter speed, reducing the time that host processor and telephone line are occupied on plotter control functions.

The digital machine will plot vectors of any length at 35 cm/sec and a built-in 112 character generator also cuts down host processor use.

More from the company at Willow Lane, Mitcham, Surrey CR4 4UL (01-640 3490).

FINANCIAL TIMES SURVEY
Tuesday November 27 1979

BUILDING INDUSTRY

After a modest revival in output, the UK building and civil engineering industries are again confronted by a downturn in the volume of work. The prospects of recession and a further pruning of public expenditure promise to make the early 1980s another difficult period.

Braced for a rough ride

By Michael Cassell

WITH LITTLE more than the benefit of bitter experience to sustain it, the building and civil engineering industry in the UK is bracing itself for another rough ride.

An industry which in recent times might appear to have become more experienced at lobbying than at labouring again faces the prospect of a sustained downturn in domestic construction work. At the same time, the overseas work which invariably has compensated many of the larger contractors for the poor home market has become steadily more difficult to win.

The industry's persistent pleas of hardship and repeated warnings about the permanent damage being inflicted upon its capacity may not ring entirely true with anyone trying to get a contractor to carry out minor building work but there are nevertheless few grounds for optimism about the overall outlook.

The fresh downturn in the building and civil engineering industry's prospects comes after what has proved recently to be one of the rare periods of relative buoyancy.

In 1978, the constant (1975) value of construction output in the UK rose for the first time since 1973, a revival based largely on an upturn in repairs and maintenance work—hence the difficulty in obtaining a small builder or skilled labour—and some improvement in private sector work, involving commercial and industrial projects. Refurbishment has also taken on an added importance.

This year, repair and maintenance work has again provided a source of growing business, although the annual increase in the current 12 months is expected to be only about 4 per cent against the 18 per cent rise in 1978. There has also been some continuation in improved output levels in the private commercial and industrial sectors.

But throughout, the all-important public sector has provided absolutely no growth, whether in terms of housing or any other aspect of construction involving public funds. Not since 1976 has the value of output—in real terms—of public sector housing increased and only once in the decade (in 1973) has the total value of all other public sector construction work risen. Even then the increase was limited to 1 per cent.

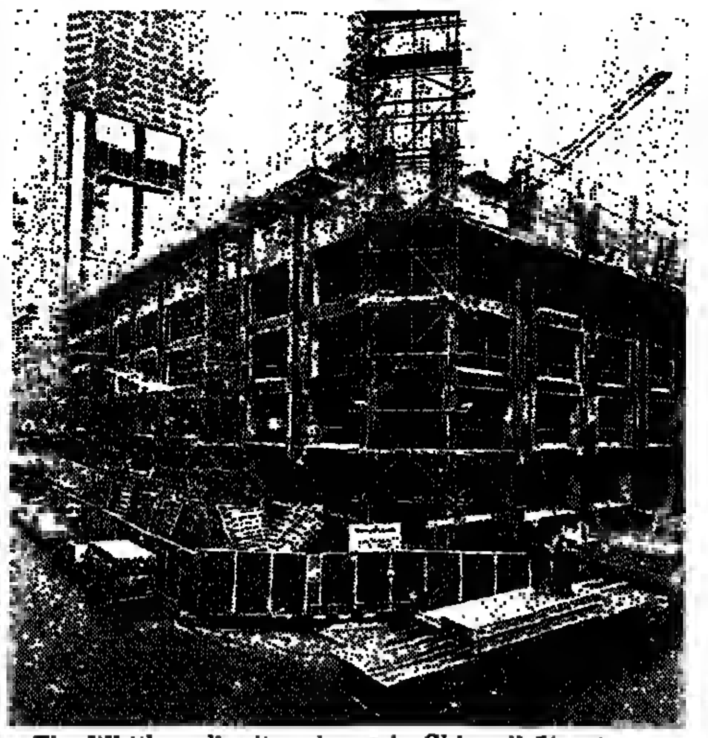
This year has been no different, with the value of public works contracts likely to end around 3 per cent below the poor 1978 level. It was expected that the pattern of gradually declining contracts in the public sector would be repeated in both 1980 and 1981 and now with this month's White Paper behind it, the industry accepts what was a probability as a *fait accompli*.

For even if Ministerial assurances, that there will be no substantial changes in construction expenditure over the next financial year when compared with the previous two, are accepted the industry believes that such low output over a sustained period will be permanently crippling. The intention to maintain spending on new construction at about £7bn a year may be preferable to further cuts but the industry has wasted little time in pointing out that the value of output at the start of the present decade was nearer £10bn.

It is still difficult to determine the real extent of the impact which the Government's expenditure proposals will have on the building and civil engineering sector, as the construction content of many Departmental programmes is hard to extract from the overall figures.

Whatever the outcome, construction is without doubt to be deprived of any of the growth which it so urgently seeks. Few sectors within the industry can expect to be hit so severely as the civil engineers, whose calls for additional work have been ignored in the face of wider and more pressing political priorities, despite the widespread acceptance that their argument is a strong one.

The continuing decline in public works has pushed the civil engineering sector at home into recession, with high unemployment and under-use of contractors' plant and heavy materials production capacity. The Budget earlier this year, with its cutback in the spending of regional water authorities, did little to stimulate hopes for growth.



The Whitbread's site scheme in Chiswell Street, one of the largest projects under construction in London, will provide 400,000 sq ft of office space on the fringe of the City. British Petroleum is having discussions with the developers, Whitbread and Trafalgar House, about possible purchase

This month's White Paper has added to the despair of a sector which derives an estimated 90 per cent of its work from the public sector and whose attempts to switch the emphasis on expenditure from current spending to capital projects apparently have gone unheard.

Though the civil engineers were relieved to find there would be no further cutbacks in capital spending on water and sewerage services—regarded not only as a useful source of new business but as in need of desperate attention—they were told that the roads programme was in for further pruning.

To add to the disappointment felt throughout the building sector, Mr. Michael Heseltine, Secretary for the Environment, also outlined plans which entailed lower levels of spending on such items as educational building, local authority housing and new buildings for the nationalised industries.

What makes the industry's overall plight seem worse is the prospect that the few bright spots which have helped sustain it through the last of many difficult patches could now also show downturns in activity.

With the recession, contracts for private industrial and commercial building work, as well as for repair and maintenance, are expected to fall. There are already signs that this is happening and if the decline in this type of work continues alongside dwindling public sector business then the outlook looks even more serious.

For many building companies, there is little escape from the bleak picture and they face a period of even tougher tendering and some fairly slim or non-existent margins.

Only contractors whose scale of operations embraces civil engineering work and the ability to compete in foreign markets can expect to soften the blow. Even here, however, the scene is changing and the most experienced of international contractors are confronted by mounting difficulties in obtaining work.

The largest civil engineering companies have now accepted that overseas turnover cannot be sustained at the levels achieved in the past few years and are, in consequence, either spreading their net further afield or diversifying into different branches of construction such as process engineering.

But in the face of such daunting prospects at home and overseas, for builders and civil engineers alike, the industry—which employs more than 2m people and accounts for more than 10 per cent of Gross Domestic Product—has been thinking collectively about ways of improving its chances of recovery and the role it could play in any wider economic revival.

The industry plans to reinforce the massage contained in the building and civil engineering economic development committees' report, "Construction for Industrial Recovery." The report, which has been welcomed by the industry but which has yet to attract moch wider support, claimed that manufacturers, unions and the Government had all so far underestimated the importance of modern industrial plant in terms of greater productivity and better industrial relations.

Criticisms

The EDCs are also still concerned that initial tax allowances for industrial machinery are more favourable than those for buildings, and they reason that, if the allowances are designed to help cash flow at a time of major expense and disruption, then the case is probably stronger for buildings than for machinery.

The committees are studying criticisms from industrial customers concerning the service provided by the building industry in respect of average construction periods and the rectification of faults in new premises. There is also concern about the lengthening preconstruction periods for some types of major civil contracts, which often means that even the limited funds available are not being taken up and spent.

Faced with a government which aims to move provision of services from the public to the private sector, the construction industry is emphasising that such a policy has strict limitations in the case of basic infrastructure such as roads, railways, water distribution systems and airports because the Government is often the only supplier. But the civil engineers are examining the prospects for introducing private venture capital or even EEC funding to augment the reduced allocation of funds from public sources.

In this way, they see a possible method of financing such major projects as the rail-only Channel tunnel, the third London Airport, or major railway electrification programmes.

The EDCs are also carrying out a vigorous examination of the international performance of the UK building and civil engineering sectors. They are pushing for closer co-operation between construction operations within the private and public sectors and between consultants, contractors and suppliers of materials and equipment when it comes to assembling bids for overseas contracts.

In the past, the construction industries have often been accused of lethargy about expanding their markets and taking positive action to sell their skills. All too readily, say their critics, the industries have been content simply to complain when insufficient work is put their way.

Whether the criticism is warranted or not, there are signs that the problems which confront the construction industries may now galvanise them into a more thoughtful appraisal of their role and of the opportunities available to them.

Cutbacks in construction contracts

THE CONSTRUCTION industry has faced cutbacks in one or another of its major sources of orders almost continuously for the past five years. But as different areas went into decline the effect was cushioned or masked upturns in others. This time there are no visible cushions.

In 1974 the property development industry fell into a deep recession in which major companies went bankrupt and even the best imposed a moratorium on new projects. Fortunately for the construction industry the public sector, particularly local authorities, was still spending as if inflation bad not been heard of.

This continued until about two years ago when even a Labour Government began to impose brakes on the big-spending councils. Since the property industry had not yet recovered its financial health or its nerve, the construction industry looked set for a particularly poor time and unemployment was expected to rocket.

In fact, overseas orders keep the major companies in profit, allowing them to subsidise low-margin business in the UK, wherever they could find it, to keep their work forces.

Over the past 18 months the main overseas area for construction contracts—the Middle East—has become a less fertile source—both as politics bave overtaken expansion programmes and as international competition has become stiffer.

Once again, bowever, there was a *cushion*. The *property* sector began to revive in the latter part of 1977, producing home orders for the building groups as the overseas order books grew slimmer.

The coming recession, on the other hand, looks as if it will reveal famine in all three sectors. Overseas orders continue to prove elusive or few in number. The Government is still battling to reduce public spending and councils have responded by cutting back capital spending even further than under the previous administration. And the private sector boomlet seems to be peaking.

In August the Department of the Environment *said that* new orders from the private commercial sector for the three months from June were up by 11 per cent oo the previous quarter, hut only 3 per cent higher than in the comparable period in 1978. Industrial work for the private sector was 32 per cent up on the three-month period and 28 per cent on the year before.

Surprised

The industrial upturn in fact took off in 1977, leaving some commentators surprised both that it had occurred and that it showed *signs of considerable* strength. According to figures from the National Economic Development Office, output for this sector increased by 16 per cent that year.

By last year, however, that increase had halved although industrial orders were still buoyant enough for industrial development companies such as Slough Estates to start planning three-year programmes of new *schemes worth around £10m* a year.

NEDO's forecasts for the rest of this year, however, suggest that new orders are on the wane in the industrial sector and it predicts that output will finish only 2 per cent above last year's while, by next year, there will be a similar downturn.

NEDO's figures are made all the more poignant by the fact that only last year it produced a highly-regarded report on the role of new buildings in the country's much-needed industrial recovery. Studies conducted among a wide number of industries and in companies of all types and sizes threw up a clear picture of inadeqnate investment in industrial buildings.

The report examined the relationship between the efficiency of manufacturing industries and the premises they necupy and discovered that investment in new buildings results in improved profitability and efficiency for a majority of companies.

It recommended that investment *in buildings* be given fiscal parity with investment in plant and machinery. In other words, companies should be permitted to offset depreciation on buildings against tax as they can on plant.

The report was highly praised in political circles but since then the Government has changed and nothing has come of it. The Government's incentives for industrial building, to date, have consisted in reducing the stringency of the requirements for Industrial Development Certificates.

Tax inequalities also form part of the problems associated with the commercial building sector. Special allowances exist for industrial buildings which effectively can rednce the cost of building to the end user by upwards of 20 per cent. Retailers, hoteliers and commercial firms which need offices, complain that this is unfair discrimination.

However, the NEDO forecast that private sector commercial building work, which increased by 13 per cent last year, would increase by only 6 per cent this year and by 2 per cent next, has little to do with fiscal inequalities.

Retailers, hoteliers and office property developers are proceeding with extreme caution. They are putting out to tender schemes which are fireproof against inflation and economic recession leading to reduction in consumer, tourist or tenant demand. They are not embarking on speculative ventures.

The NEDO figures indicate only too clearly that even with *the sizeable increases in orders* last year and this, the total volume of work at constant 1975 prices is still 13 per cent below the peak in 1973.

This less than cheerful prediction for the private sector at *home is all the more ominous* for the building industry because of the slump in overseas orders.

The complete volte face in Iranian politics has been too well documented to need repeating but the lack of orders from that country is matched—for different reasons—by a similar lack from other Middle Eastern states and from such once fertile sources of building orders as Nigeria.

In other Middle Eastern countries, such as Egypt, where building is still going on, international competition from, among others, the Koreans, has intensified.

At the same time UK construction groups have become more conversant with the problems characteristic of projects in these countries and, having had their fingers burnt with low-margin tenders which ended in losses, are now reluctant to enter tender battles.

The key question for building firms at present is how deep a recession the UK economy is about to enter. Sir Maurice Laing, chairman of John Laing, one of the country's *major construction groups, said* in his half-year statement that it was "premature" to give a forecast for the full year because of the economy's uncertainties. He was speaking less than two months ago when he presented half-time pre-tax figures down from £7.5m to £5m.

No wonder the construction industry associations have grouped together to plead with Mr. Michael Heseltine, Environment Secretary, to protect its workload by excluding it from further public spending cuts. To no avail. Construction expenditure by Government could fall by as much as 10-12 per cent in 1980-81.

It looks as if the next 18 months will see a significant decline in orders from the private sector at home, particularly for factory and warehouse building, despite the general realisation by industrialists that investment in new buildings is badly needed. As a result the construction industry will have its last cushion taken away from it.

Christine Moir

Prospects seldom more grim for civil engineering

PROSPECTS FOR Britain's civil engineering companies—which build and maintain our roads, instal sewage and water systems, construct power stations, steelworks and other major industrial plant—have seldom appeared more grim.

The industry, which relies heavily on Government funding—90 per cent of all work done in this country is paid for out of the public purse—has found very little to cheer about since the start of the decade.

According to figures produced by the building and civil engineering economic development committees, the level of new public work other than housing has fallen by almost 30 per cent since the peak year of 1970.

In only one year, 1973, has new public work output shown any increase at all—and that was only 1 per cent—since 1970. And according to the joint forecasting committee of the building and civil engineering EDCs, output can be expected to decline by a further 3 per cent in the current year.

The latest quarterly workload survey conducted by the Federation of Civil Engineering Contractors shows that there has been a "substantial worsening of the position" of order books over the last few months.

"Forward projections for civil engineering work have worsened significantly. There is less optimism on projections for new orders, already seen as a declining sector," the federation said.

"On top of this a substantial number of companies replying to our October survey now expect repair and maintenance—previously regarded as a relatively stable sector—to decline. As a result of these changes, future employment prospects are also expected to worsen."

However, most of the replies to the federation's recent survey were received before the publication on November 1 of the Government's White Paper on public expenditure for 1980-1981. The industry is now critically examining the implications of projected expenditure on its workload and finances for the next 12 to 18 months although the precise impact is impossible to determine because the exact composition of spending programmes still has to be decided.

The Government has given an assurance that spending on construction in the next financial year would not "diverge substantially" from the position of the past two years. But the construction industry remains concerned about proposed cuts in several major areas of activity: local authority housing; educational buildings; roads programmes; and spending by the nationalised industries on new facilities.

Although it is *largely the* latter two areas which will have most impact on companies involved in civil engineering, a number of major construction groups such as Wimpey and Costain are as much builders as civil engineers.

Moreover, the industry, which has never been slow to present its case to Government, has claimed that simply to maintain spending at its present level of £7bn a year (at 1975 prices) could result in permanent damage to roads, buildings and sewers.

There are, however, some consoling points in the White Paper. The Federation of Civil Engineering Contractors says: "Given the seriousness of the country's general economic situation, some contractors may take comfort from the statement in the White Paper that 'capital investment on water and sewerage services is planned to continue at broadly the same level as in 1979-80.'

"However, the deciding factor on this and other expenditure will be the hard fact of the cash limits to be set by Government for next year, coupled with such items such as the Rate Snpport Grant which will have a substantial influence on local authority decisions."

One of the crucial figures will be the increase in cash limits allowed by the Government to cover the cost of inflation over the next financial year.

The Government has so far set a 13 per cent ceiling on the extra cash it will provide to help local authorities meet pay rises and other inflationary costs in 1980-81. But cash limits for central government capital spending next year for areas such as construction are not due to be announced until next year.

Meanwhile, local authority capital spending is to be further reduced, by more than 9 per cent, to £3.285bn in 1980-81—with housing, transport and education to bear the brunt of the cuts.

The further reduction in the road and transport programme,—a regular victim of cuts—is perhaps *the most worrying to* the industry. Spending next year is to be reduced by another £200m to £2.91bn with cuts spread across the whole road programme, although there is to be a switch in allocations to permit more spending on motorway maintenance.

The industry—which suffered badly as a result of the last major round of Government spending cuts in 1976—is bitterly disappointed that its arguments that any further reduction in spending should be at the expense of the current account rather than against expenditure on major capital projects have been largely ignored.

It points out that spending on new motorways and trunk roads already has fallen by 38.6 per cent since 1973-74 and road maintenance by 28.8 per cent. Over the same period spending on water services had fallen by 42.2 per cent and *maintenance* by 15.9 per cent.

It has been argued repeatedly by the industry that spending on roads and sewerage systems should be increased if the infrastructure necessary to maintain *the economy is not to fall into* serious disrepair.

At the same time as the industry is facing greater pressure on the home market, contractors are also finding it increasingly difficult to win overseas orders—which in the past have compensated for the reduction in work on the home front. The collapse of the construction market in Iran has served only to add to the growing competitive pressures for orders in the Middle East and other parts of the world.

The Middle East market has provided a substantial cushion for British construction companies but over the last 12 months there have been growing signs that the level of orders has now peaked with a decline in the volume of construction work in some Gulf states.

In some Arab countries there has been a change of emphasis in the type of new work now required, with a switch away from major infrastructure projects such as roads to the construction of more sophisticated industrial plant.

However, there is the possibility that there may now be some resurgence of activity in some states following the rise in oil prices this year. But political risks have to be set against the financial rewards that can be gained from operating in these areas—and with intense worldwide competition for construction orders the Arab nations are in strong bargaining positions.

At the same time as there has been a slackening in the pace of new orders in the Middle East, there have also been some problems for British companies operating in Nigeria, another market which in recent years has provided some major contracts.

Andrew Taylor

The Humber Bridge: its planning and construction have been surrounded by controversy concerning mounting costs and the benefits it will bring to Yorkshire and Humberside. The bridge is expected to be finished late next year and cost £68m

Private homes output falling behind...

	Public Sector		Private Sector	
	Starts ('000)	Completions ('000)	Starts ('000)	Completions ('000)
1970	153.8	180.1	165.1	170.3
1971	136.9	158.9	207.4	191.6
1972	123.0	122.8	228.0	196.5
1973	112.8	107.5	215.7	186.6
1974	146.1	128.6	105.9	140.9
1975	173.8	162.3	149.1	150.8
1978	170.8	163.0	154.7	152.2
1977	132.1	162.5	134.8	140.3
1978	107.4	130.7	157.3	148.6
1979*	180.0	*100.0	135.0	*140.0

HOUSING STARTS AND COMPLETIONS

* Estimate.

WITH THE spread of home ownership representing a major political priority for Mrs. Thatcher's Government, the private house building sector could be forgiven for imagining that it is about to enjoy one of the most huoyant periods in a long history of fluctuating fortunes.

It is the Conservatives' stated intention to push up the existing level of home ownership from somewhere in the region of 54 per cent of the total housing stock to nearer 70 per cent and although much will he made of the role which the sale of council houses and the improvement and renovation of older homes will have to play in this development, a substantial and sustained new building programme will be required.

Whatever the "correct" level of new construction is thought to be—projections for total new housing requirements in the 1980s have ranged from 275,000 a year to 330,000 and the bulk of these can now be expected to come in the shape of private sector homes—the present programme leaves a great deal of room for improvement.

In 1978 work was started on 157,000 private houses, the highest annual figure since 1973. During the same period private sector completions reached 149,000. The figures were welcome after the poor output levels achieved in 1977, but by this year the trend was again downwards.

Lucky

With only a few weeks of 1979 left, it now seems that the private housing industry will be lucky to have made a start in the last 12 months on more than 135,000 to 140,000 homes, while the number of housing units actualy completed and made ready for occupation could be significantly under 140,000.

The actual numbers involved may not prove to have been all that decisive for the contractors themselves, as most have at least been experiencing one of their cyclical periods of high profits. Margins on housing have without doubt heen good for much of 1978 and 1979, with house prices rising faster than at any time since the early part of this decade and builders for once experiencing merely moderate increases in labour and material costs.

But despite the better financial position, the builders bave clearly not felt confident enough about prospects for sales and profits to step up output. Some have clearly embarked on substantial expansion programmes but the industry's overall output must be regarded as disappointing in view of the more favourable background against which they bave recently heen working.

Witb the introduction of record mortgage rates, demand may fall to the extent that output is reduced even furthar.

The builders say that the industry's overall failure to respond to the demand for new housing has been partially the result of prohibitive finance costs and continuing uncertainty about the supply of mortgage finance. Tha last factor must surely be considered a less than totally satisfying answer, for although it is true that the building societies' difficulties in attracting finance are apparently ever-present, they have nevertheless managed yet again to break all lending records in the current year. It is the rapid rise in house prices—which can only be good news to new bouse builders—which bas undermined the societies' ability to make as many loans actually available.

At the same time construction costs have again been rising and even higher increases are in the pipeline. On top of all these factors the builder already knows that bouse prices have begun to tail off now that they have returned to their traditional relationship with earnings.

Little wonder that all the forecasts suggest 1980 will be another had one for private house building. The outcome at this stage is impossible to predict, given the present crisis in the economy, hut it seems likely that without some major government initiative little or no increase in private sector starts or complelions can be expected in 1980 at least.

The outlook can hring no comfort to a government whicb has made a succession of announcements on housing policy but which has largely preferred to remain silent on the actual lavels of new construction.

Ministers are clearly putting a great deal of weight on the success of programmes designed to utilise existing housing stock to its best advantage and will in the forthcoming Housing Bill he introducing some innovations which will be widely welcomed.

They are considered by many to be long overdue. For the number of conversion, improvement, intermediate and special grants available for housing has heen falling every year since 1974.

The number of private grants paid in 1978 in England and Wales reached only 58,000 against 217,000 in 1974, and several bodies, not least the National Home Improvement Council, have called for a fresh initiative and a hoost in available funds to step up improvement work.

At the beginning of November the Department of the Environment gave notice that it had taken many of the criticisms of the existing system to heart and announced that it planned to provide a "more flexible and effective framework" in which improvement and repair would he given new impetus.

A major inoovatioo will be the availability of repair grants for major structural repairs to most pre-1919 homes. Until now these have only been available in housing action areas and general improvement areas.

Repayment of grants in the avent of sale is also to be scrapped and occupiers on smaller incomes will be able to take advantage of a relaxation in rules which until now have invariably meant that improvements had to be on a comprehensive, and therefore most costly, basis.

Ministers also believe that the sale of public sector housing stock will provide a massive and fresh source of owner occupied housing, though the actual appeal of achieving homa ownership in this way has yet to be properly tested, with some local authorities reporting something less than enthusiasm on the part of existing tenants.

But Ministers are well aware that even if these areas of housing strategy are successful, a sound new construction programme is also essential. So the house builders have to be encouraged — and while the general health of the economy will always prove to be the biggest stimulant or depressant, there are peripheral areas which need active consideration.

The old problems of land supplies—now possibly exaggerated by many house builders—and, more important, planning difficulties still manage to bog the builders down and frustrate progress even when all other circumstances are favourable.

Perhaps the biggest problem of all will be the securing of sufficient funds for prospective house purchasers. There is now general recognition on the part of the Government and among most building societies, that additional sources of funds will in future be required if the level of home ownership is to be substantially increased.

Projections suggest that the societies may need £20bn a year by the middle of the 1980s to make 1m home loans, compared with £8.8bn advanced this year on an estimated 711,000 loans.

There are serious doubts about their ability to provide large enough volumes of funds to meet mortgage demand out of traditional funding sources and it is becoming clear that these may soon have to be supplemented from wholesale money markets. Both the societies and the Government are now studying this particular option.

A major consideration will be the effect upon mortgage costs of any significant move into the wholesale money markets.

Michael Cassell

...and public sector trimmed

THE PUBLIC sector house building programme has fallen to one of its lowest ever levels and the intention of the Government is to establish a fresh emphasis and direction in housing policy which will ensure the present programme is adequate.

The Government's attitude towards local authority house building—that it will in future have a limited role to play in the provision of a suitable national bousing stock — is totally rejected hy the Labour Party, which now actively supports the concept of home ownership hut insists that the need for public sector bousing is in some areas as great as ever.

Housing association activity is, however, backed by both the major parties and despite some stinging criticism recently about the way in which the so called "third arm" of the housing movement has conducted its affairs, the place of the associations and the Housing Corporation, which oversees their activity, seems secure. The movement can in future expect, however, to experience stricter supervision of its affairs.

The present picture of public sector house building can therefore be regarded either as a national disaster or nothing more than a manifestation of the cbanging pattern of housing priorities and tenure preferences. The figures themselves do not make happy reading to anyone who believes that public sector housing still bas a major part to play.

Ever since 1975 the level of public sector housing approvals has been falling and, following this trend, the actual number of starts has heen declining from a peak of 174,000. Last year, the total was 107,000 and although forecasts have heen suggesting that the 1979 figure will drop to no more than 90,000 units it seems possible that the final outcome could he nearer 80,000.

The number of council homes being made ready for occupation has also fallen to one of its lowest ever levels. After three years during which total completions remained stable at around 162,000, a significant downturn took the number to only 131,000 in 1978. With just over 70,000 completions in the first nine months of the year, the 1979 total could be under 100,000 against earlier expectations of 110,000.

Ouly a few weeks ago Mr. Miebael Heseltine, Secretary for the Environment, confirmed that council honse approvals were running at around 45,000 a year and said that he expected this level to be maintained in future. He denied that the Government was severely pruning back local authority bousing programmes and emphasised that he was merely setting output at the levels which had already come about.

The remainder of the public sector's new housing stock will therefore be expected to come from the housing association movement, whose contribution to the housing scene has grown rapidly in the past five or six years. Together, the housing associations now build and renovate over one-fifth of all public sector homes in Britain.

In the 10 years to 1974, when the Housing Corporation took on its current role of administering and monitoring State grants and loans to registered housing associations, it provided finance for about 50,000 new homes. In the past five years loans have been approved for the construction and rehabilitation of 183,000 properties.

In response to criticism of the effectiveness of the control which the Corporation has maintained over the associations, it has instigated a review of its procedures and stepped up its programme of spot audits and other financial checks.

The decline in council housing starts had been a major concern for Mr. Heseltine's predecessor, Mr. Peter Shore, and during his time at the Department of the Environment local authorities had been urged to take up and spend housing allocations made available.

Ministers at that time threateoed to trim the housing budgets of those authorities which did not maintain programmes and to disperse the funds in a way which would help councils with active housing building policies. At least some of the decline in the level of new starts was the result of a reluctance on the part of Conservative-controlled local authorities to encourage housing programmes.

Now, bowever, the tables have turned and it is a Conservative Government which expects to confront opposition from Labour-controlled local authorities which may not comply with directives to allow the sale of housing stock to private purchasers. Many local councils are vehemently opposed to the sales programme and bave been particularly annoyed at the prospect of central government removing their right to determine bousing policy in accordance with local needs.

The Labour Party has said that it is not opposed to the sale of local authority homes as a matter of principle but that it objects to the transfer of homes into the private sector in areas where rented housing is still in demand. Opponents also claim that only the most attractive housing will he sold off, leaving the local authority—and the tenants—with the worst stock.

In response, the Government points to the large numbers of council tenants who are ready and able to afford to buy their homes but have been barred from doing so. Ministers have also emphasised that many tenants would not intend to move, so the homes they occupy would not in any case be made available to anyone else.

Above all, the argument surrounds the true costs of local authority housing and the only certain conclusion is that there is wide disagreement on what these are. What local councils and the Exchequer would stand to gain or lose from the transfer of public stock to the private sector remains the subject of some controversy.

Expect

The building societies will be expected to play a part in financing the sales programme—which could involve £1bn a year—as the Government sees the transfer from public to private sector not just as a political commitment but as a way of reducing public expenditure.

Mr. John Stanley, Minister for Housing and Construction, has already made it clear that any councils which refuse to sell properties to tenants will find the DOE stepping in to oversee and enforce sales.

In a consultation paper issued last month, the Minister said legislation would be taken over and the proceeds would be retained until such time as he thought fit. The Government also intends to charge the cost of the sale, plus interest, to the authority concerned.

Under the forthcoming Bill, tenants of council houses and of new town bomes will be given the right to buy their own homes although it remains uncertain wbether or not the provisions will be extended to housing association tenants. The proposals will, if they become law, give tenants of three years standing or longer the right to buy at discounts of up to 50 per cent, although houses built specifically for the elderly and disabled will not be included.

Discounts will start at 33 per cent, rising hy one per cent for each further year of a tenancy, up to the 50 per cent ceiling. If a house is sold within five years of purchase from a local authority, a proportion of the discount will bave to be repaid. After only one year, 80 per cent of the disconnt would he repayable. The suggestion is that housing authorities would be allowed to add half the proceeds from sales to their existing housing investment programme.

Michael Cassell

Planning laws in transition

THE LEGISLATIVE framework of the UK's planning and development control system—together with land use policy—is in transition.

In a series of swift initiatives the Government has started to disentangle the jungle of restrictions and delays at the root of many criticisms of the system.

At the same time steps are being taken to release land—particularly derelict sites in the inner cities—for redevelopment. These moves—designed to create a new climate for private investment—are being brought together in the Local Government, Planning and Land Bill due to be published shortly.

However, the Government has already signalled its intentions in speeches by Mr. Michael Heseltine, Environment Secretary, and through the Budget and Expenditure White Paper, with the reduction of Development Land Tax and the dismantling of the Community Land Act.

These are the main planks of Government policy:

- The Community Land Act is to be repealed.
- Land registers to be set up with lists of under-used land, which will be open to challenge.
- Development land tax has been reduced from an interim 66.5 per cent to 60 per cent.
- Office development permits have been abolished and the requirements of industrial development certificates scaled down.
- Local authority planning procedures are to be simplified and if possible bastened.
- Two new bodies are to be set up to oversee the redevelopment of London and Liverpool's derelict docklands.

Against this trend the Government is to introduce charges for planning applications and perhaps some form of compulsory insurance system for developers to shift the burden of monitoring building regulations from the local authorities to developers.

The Budget, although it brought the less welcome cuts in public expenditure since these represent a further reduction of work for the already depressed construction industry, also produced some potential benefits to the building industry.

Following a Government announcement that the Community Land Act was to be abolished—saving the Department of the Environment £50m in the current year—came the expected reduction in development land tax, although perhaps not as much as developers would have hoped for.

Mr. Michael Heseltine: promised clear and simple powers

Before June the tax stood at a reduced interim rate of 66.5 per cent (full rate 80 per cent) on the first £150,000 realised in a year as a result of the increase in land values because of planning permission for development.

Over the next decade development land tax was due to rise to 100 per cent although the tax was destined ultimately to take a minor role as one half of the Labour administration's Community Land Scheme once local authorities had an obligation to acquire all development land. The tax now stands at 60 per cent and the amount of development value raised in a year free of tax has been increased from £10,000 to £50,000.

The cut in the tax and curtailment of consents for new spending under the scheme as it has been welcomed by the building industry in the hope that land owners who have been holding land will now consider selling. The supply of residential land in particular is expected to improve, helping to reduce one of the biggest obstacles to more houses being built.

How significant these moves will prove to be is a matter of dispute since many people believe that the legislation, introduced in 1975, was frustrated from its conception because of lack of money and political opposition among some local authorities.

Other marginal benefits included in the Budget provisions included an end to legislation limiting most local authority leaseholds to 99 years, which could encourage development by stimulating the interest of the institutions traditionally wary of anything other than long lease propositions.

Further moves to increase land availability announced so far by the Government include the setting up of vacant and "wasted" land registers.

Local authorities and nationalised industries will have a statutory duty to notify the Environment Secretary of unused or waste land of a minimum specified site area in designated districts.

These registers will be open to public inspection and challenge and the Government is planning to take new powers to direct that public land "surplus to requirements" is put on sale.

Despite these changes Mr. Heseltine has also made it clear that local authorities will still have a role to play in land use policy although the details have yet to be revealed.

Speaking to the Local Authority Association's conference in Scarborough in September, he said: "Local authorities will retain a key role in helping site assembly. They can unlock land by buying out owners who block access. Where necessary, they can prepare or provide land for private development."

Difficult

Mr. Heseltine promised that local authorities would have the necessary "clear and simple powers for these purposes." However, since local government faces further cuts in spending next year, it may be difficult for councils to exercise powers effectively anyway."

The new Bill will include provisions enabling the Secretary of State to approve local plans in advance of structure plans. The Government has also highlighted the disparity between the time taken by individual local authorities to process planning applications, revealing that over 30 per cent of the applications submitted take longer than the statutory eight weeks and 10 per cent take more than three months.

Mr. Heseltine has therefore urged local authorities to set tighter planning timetables than the law requires and asked developers to notify him of delays.

In another attempt to speed the planning process, the Government is to reduce the duplication of planning control responsibilities between county and district councils. In future, planning control, with very limited exceptions will be a district council function.

The Government has recognised that the need to speed planning decisions is nowhere more urgent than in the city areas. Accordingly, the existing partnership machinery is to be streamlined.

Perhaps more importantly, urban development corporations—with special powers similar to those of the new town authorities—are to be set up to oversee the development of 8,000 acres of derelict docklands in London and Liverpool.

The precise nature and powers of these two new bodies have yet to be specified although Mr. Heseltine has emphasised the importance of improving a working relationship between private and public sector in these areas.

The need to relax planning controls has been emphasised by Taylor Woodrow, the international building and civil engineering group, which last month unveiled a £400m plan to build a shopping, hotel and "free port" complex on a 119-acre site in Surrey Docks, East London.

The plan, unlike an earlier scheme proposed by Trammell Crow, does not call for Government funds and is subject to the Government agreeing to a relaxation of planning controls.

Specific controls on office and industrial developments have been eased by the Government already. In August the requirement for office development permits was abolished and the need for industrial development certificates made less onerous.

However, welcome though most of the changes are to the building industry, they are not seen as an alternative to the industry being more sound than at present and, in particular, having healthier order books.

The removal of petty and bureaucratic restrictions will not by itself revitalise the industry and many in it fear that they will not be able to take advantage of the Government's "concessions" until there is a change in the economic climate. By then, some believe, it may be too late.

Paul Taylor

Home improvements and repairs market may slip

THE HOME improvement sector, including household repairs and maintenance, has been one of the very few success stories for a sorely-tried construction industry which saw ontpnt decline by 14.6 per cent between 1973 and the end of last year.

And with total UK construction outpnt expected to decline by a further 2 per cent by the end of 1979—following last year's 7 per cent recovery—the importance of home improvement work to the industry cannot be overstated.

However, householders will now find it increasingly difficult and costly to arrange the finance for home improvements following the Chancellor's latest interest rate package.

Personal loans and overdrafts will now cost more than 20 per ceot in interest charges following this month's decision to raise the Minimum Lending Rate to a record 17 per cent. Other credit and lending rates bave been similarly affected. Equally, building societies hard pressed to finance demand for traditional mortgage loans have become increasingly reluctant to provide loans for home improvement.

Even so, there will be those individuals—either with cash in hand or prepared to pay present high hank interest rates—who will be persuaded to make improvements to existing bomes rather than join lengthening mortgage queues for home loans or meet the high cost of moviog. But certainly the home improvement industry may find it barder than it has done over the past two to three years.

Even before the latest hike in interest rates the Building and Civil Engineering economic development committees were forecasting that the repair and maintenance sector, of which a third is home improvements, was unlikely to remain as huoyant in the 1980s. They forecast a considerable weakening of the sector's growth though its share of total construction work was still expected to rise to 35 per cent by 1981.

During last year's recovery of the construction industry household repair and maintenance showed by far the fastest growth with output rising by 16 per cent—accounting for 15.3 per cent of all construction work—according to the Building and Civil Engineering EDCs.

The true contribntion of home improvement work to the domestic economy is likely to have been significantly higher as the Little Neddy figures include only actual returns made by builders and do not take into account work done under the "black economy" or the effect of the £1.5bn of "do-it-yourself" sales estimated to bave been made last year.

In the current year the joint forecasting committee of the EDCs estimate that household repair and maintenance work declared by builders will have risen by a further 8 per cent to £1.996bn at 1975 prices—the highest level ever.

Army

On top of this will come work—running into many millions of pounds—done by a vast army of "builders, plumbers and electricians" operating within the shadow of the black economy, doing jobs for cash which will not be declared to the tax man and not appear on official statistics.

The Government, which has become increasingly concerned at the extent of the black economy, also recognises that a number of bona fide builders are under-declaring their income on the Schedule D tax forms for the self-employed.

But it is the increasing number of unskilled moonlighters operating within the home improvement market that has caused most concern to the industry.

A number of trade organisations, such as the Electrical Contractors Association, Confederation of Registered Gas Installers and the Master Builders Federation bave set up registers of contractors and in some cases insurance schemes in a bid to protect customers from shoddy work.

And the National Home Improvement Council has now established a sub-committee to investigate the possihility of setting up some kind of industry-wide register and warranty scheme and is due to publish a consultation paper on its findings very shortly.

The latest report by the joint forecasting committee of the Building and Civil Engineering EDCs says: "The budget increase of 7 per cent to 15 per cent in VAT, which applies to repair and maintenance, seems likely to reinforce the shift towards DIY and the black economy."

"The DIY retail market has seen a remarkable expansion over the last 10 years and the growth in home improvement work by DIY enthusiasts has had far-reaching repercussions for building material products and selling techniques.

There are now estimated to be nearly 30,000 DIY home improvement outlets in the UK, of which about 2,500 are supermarket discount-style operations, claiming almost a third of the total DIY market.

The growth of large multiples such as Home Charm, A. G. Stanley and Status Discount over the past decade has been to some degree at the expense of the smaller independent retailers whose share of the market has dropped by about 25 per cent, to under 30 per cent, since 1961.

The rapid expansion in DIY sales which are swiftly approaching £2bn a year has attracted a number of traditional builders' merchants into this market. On top of this some supermarket chains such as Tesco and Asda now stock DIY tools and materials.

Recently, Sainsbury, the food store chain, announced that it was establishing a new joint venture DIY retail business with the Belgian company GB-Inno-BM. Earlier this year W. H. Smith, the booksellers and newsagents, paid £12m for the DIY retail chain of LCP group.

The huge growth in this market can be judged by the progress of Dodge City, the privately-owned DIY superstore chain. In 1974 Dodge City, whose traditional business was a small chain of High Street paint and wallpaper shops, opened its first superstore. By the end of next year the group expects to have 34 superstores trading throughout the UK.

However, with so many new enterprises now entering this field and with companies fast expanding, there are dangers that the DIY market may become too crowded as competition intensifies.

A more recent event which is expected to have a significant impact on home improvement work is the Government's proposals to provide a more flexible and effective framework for the administration of improvement grants.

The most important aspect of the changes—which are to be included in the forthcoming Housing Bill—is the Government's decision to make repair grants available for most pre-1919 homes. Previously, these had been available only in housing action and general improvement areas.

This decision has been broadly welcomed both by the National Home Improvement Council and Shelter—the organisation for the homeless—both of which had been lobbying for substantial changes in the system of providing repair grants.

Andrew Taylor

Worsening conditions for contractors

AN AIR of gloom hangs over the construction companies, for the prospects of most contractors are the bleakest they have been for soma time. Against an already weak trading background the contractors are facing additional problems created by government policy.

Conditions affecting the performance of the contractors have worsened steadily over the past two years, both in the UK market and overseas, and the Government's latest proposed cuts in public spending will add to the difficulties. The Department of the Environment, the sponsoring ministry for public sector housing and construction, has indicated that its own total spending, put at just over £7bn this year, will have to be cut by nearly 4 per cent next year.

Spending on the roads and transport programme, usually hit by cuts, will be reduced by £200m from this year's level to £2.91bn in 1980-81. The cuts will be spread across the entire programme. There will be a reduction in central government expenditure on motorway and trunk road programmes from the levels previously planned, although there is to be a switch in this allocation to permit extra spending on motorway maintenance.

The cutbacks will further erode the sector's already weak workload, just at a time when private sector orders are being reduced. At the same time the recent jump in interest rates to record levels will create further pressures for the contractors, particularly those with major projects in hand.

But there is a shortage also of the large, medium-term contracts that many groups have sought in the past, and even those contractors that exploited overseas markets with some success during the last downswing in the recession are now finding that existing workloads are hard to replace. Moreover, potential large markets such as Iran are all but closed for future development.

Complicated

Contractors' troubles have been complicated further by Britain's bad winter weather of 1978-79 which has put contracts well behind schedule. And the intensely-competitive conditions have led many companies effectively to "buy in" work at uneconomic rates to sustain workloads.

This policy has been pursued as costs are beginning to accelerate. In 1978 tenders will have been prepared, according to stockbrokers, Savory Milln, on the basis of the rate of cost increases in that year—7.5 per cent. But building costs in the first half of 1979 rose by 10 per cent, and are predicted to rise by at least a further 10 per cent in the second half.

Even with an element of indexation in the contracts the rapid escalation in costs is likely to erode contractors' profits further.

There is a gradual slowing in the rate of new orders for two of the recent growth sectors in the building trade. The September survey of the state of trade inquiry by the National Federation of Building Trades Employers showed fewer companies reporting increased new order inquiries in the private industrial and commercial building and repair and maintenance. This is worrying since these sectors have sustained the building industry's recovery over the last 18 months. And, on another front, most companies have reported a severe shortage of skilled labour.

The contractors, then, are facing government economic and monetary policies which are operating against them; more competitive trading conditions as the volume of work is cut in the public sector and shows little growth in the private sector in the UK market; a decrease in the number of orders from the Middle East as most of the important infrastructure jobs have been completed or allocated; and a rapid rise in costs.

Predictably, in this situation, the contractors which are likely to weather the recession are those which are of some size, and which have a broad range of work and a sound balance sheet.

Unlike at the end of 1976 when contractors were facing a worsening recession in the domestic market, they no longer have the benefit of large Middle East contracts to start work on, but some contractors, such as Tarmac, remain committed to areas like Saudi Arabia which they hope to penetrate and develop over the long term.

Many other contractors are *attempting to exploit the* western European markets and the U.S. where so far they have had no more than a toehold. The U.S. perhaps offers the most exciting possibilities and it may be in the months to come—particularly if sterling remains strong against the dollar—that acquisitions will be made by U.K. contractors in an effort to develop their presence in that market.

As for other overseas tactics, joint venture work could become an increasingly common feature of the construction sector.

With large contracts in short supply those companies which have activities outside pure contracting and civil engineering work should be better insulated against the industry trends. An involvement in property investment and development would help offset some of the effects. Design and consultancy work or an involvement in plant hire could offer some support to the contractor. Opencast mining or building materials supply activities would also help.

Contractors with housebuilding interests are likely to find the going tough in the coming year as expected increased mortgage rates curb demand at a time when costs are rising sharply. Margins throughout next year will be under considerable pressure.

Smaller contractors, who lack the financial muscle of larger competitors or the same degree of diversification, will be under the greatest pressure in the coming year. There are likely to be more takeovers and mergers of medium-sized concerns in this climate; particularly by the larger contractors which are attempting to consolidate their market share at a time of little growth.

John Moore

Carelessness the big safety problem

MORE THAN 60 per cent of the fatal accidents which took place in the UK building industry in 1977, the latest year for which detailed statistics are available, could have been foreseen and avoided, according to a report by the Factory Inspectorate. It is clear from the report that most fatal accidents in the industry do not happen as the result of any major changes in construction techniques, but come about in normal day-to-day activities, usually as the result of carelessness.

The report, prepared for the Inspectorate by its Accident Prevention Advisory Unit at Preston, Lancs, says that figures draw attention to the fact that those concerned with site safety must not only interest themselves in big construction jobs and in technical complexity, but in such matters as fragile roofs, site transport and scaffolding.

In 1977 a total of 131 men died in construction accidents, of whom 86, the report claims, could have been saved by precautions to eliminate the hazards before the accident occurred. However, the figure was the lowest since World War II and was a 15 per cent reduction on the previous year. Total reported accidents fell from 34,611 in 1976 to 31,860 in 1977, a reduction of 8 per cent and the lowest figure since the early 1960s.

Provisional figures for last year showed that the number of fatal accidents increased to 157 and other accidents to 34,493, an outcome which the Health and Safety Executive described as disappointing. But it points out that building activity in 1977 had been at a lower-than-average level, which could have contributed to the low accident rate.

In another report, the Health and Safety Executive survey of 1977-78, the Chief Inspector of Factories, Mr. J. D. G. Hammer, pinpoints one alarming development, the tendency of medium-sized construction companies to take short cuts on safety in order to gain contracts at the expense of more safety-conscious companies. It is feared that this kind of corner-cutting may increase as the recession in the building industry continues to cause financial problems for these companies. Often it is difficult to detect when a number of companies are operating together on a large site.

Some 80 per cent of fatal accidents in 1977 appeared to have occurred in small to medium-sized companies and there was a significant absence of accidents in household name concerns. It is pointed out that outside the major federations and accident prevention groups there are a "vast number" of small companies which show little or no interest in safety initiatives.

Need

"These are precisely the companies which lack the specialist safety input which their management and men desperately need if there is to be any real impact on the hard core of fatal and reported accidents due, for example, to falls, which accounted for 56 per cent of all fatalities in 1977," the report says.

It is clear that criticism of the accident record of the construction industry is not directed at the industry as a whole, but at areas of it which may be related both to certain types of activity or size of company. It is suggested that the industry's federations ought to do more in identifying those areas.

"Companies which take the lead in construction safety should always ask their federations how much longer they as organisations will tolerate within their ranks others who ignore the rules," the executiva says.

In general, the fault no longer lies with the major companies which have the motivation and the resources. The problem is how to get the message across to the multitude of smaller contractors, which also present the problems for inspectors. When these companies are sub-contracting on major jobs they are likely to be at their best, especially if the larger company is setting a high standard. But when they are working alone there is little time for inspection to take place since the jobs are usually of short duration.

The executive believes that the motivation for a change of attitude may come from within the industry itself, principally when it is seen that cutting corners in safety no longer brings the financial advantages that will permit lower pricing and hence more contracts. There may even be a role for clients and their architects in exerting pressure. At least one major retail organisation specifically demands the highest standards of safety, health and welfare during the construction work on its stores so that its name is not associated with accidents and unsafe practices.

About half the fatal accidents in the construction industry now occur through falls, mainly during roofing work. The main causes of these in 1977 were falls through asbestos cement sheets and through plastic skylights. By trades, however, painters suffered the most casualties. Employees of large companies accounted for only 21 per cent of fatalities.

It is pointed out that there is persisting ignorance about the dangerous fragility of corrugated asbestos cement sheets. Many of these accidents occurred in occupied factories where maintenance is a regular job and should mean that adequate safety precautions are taken. Falls from scaffolds also caused a substantial number of deaths, and this was attributed to improper use of ladders and safety equipment in many places.

Most other fatal accidents were caused by falls from bosun's chairs, painters' cradles and material skips, accidents with mechanical plants, demolition, excavation, transport and maintenance work—although the executive draws no general conclusion about these.

There has, however, been considerable overall improvement in recent years. The incidence rate for fatal accidents in construction in 1977 was 40 per cent below the figure for 1973 and the accident rate in construction is now less than four times greater than that of manufacturing industry compared with more than five times in 1973.

The executive describes 1977 as "the year of the maintenance man in a hurry, of the job done by a small gang which turns sour, and of unsuccessful improvisation." During the year there were no major collapses of structures or failures of plant. Overall, it stresses that the burden of responsibility remains with employers under the Health and Safety at Work Act, and that employers should devise and maintain their own organisation for ensuring safety.

But this is not seen as the whole answer to the problem of preventing deaths on site. The majority of accidents happen to experienced tradesmen and building workers involved in simple traditional activities, and these men must do their utmost to ensure that precautions are taken, the executive says.

Lorne Barling

Range of materials available is vast

BUILDING materials account for about 40 per cent of the valoe of all construction work, but it is far from easy to calculate the relative significance of individual materials with production statistics in different units—by weight, area, volume, value, or number. To begin with, there is a vast range of materials now available and for many materials construction accounts for only part of their usage.

Estimates based on an extensive market research for NEDO reveal that the traditional construction materials—aggregates, cement, bricks, plaster, steel, glass, timber and joinery—make up for something like more than half the value of all materials, while materials and components for services account for a quarter.

Should there be an increase or drop in construction work, the immediate outset would affect aggregates, cement, bricks and other structural materials. However, the manufacturers of services and finishing materials may not feel the profit or pinch for a year later.

Steel:

Today, 90 per cent of new industrial buildings in this country are steel-framed. This is due to the material's popularity with designers, the expertise of our constructional steelwork industry, and the wide range of steel products available.

Steel is used for bridge work, gantries, towers, and a variety of civil engineering purposes. Its products are employed primarily in the field of structure (beams, columns, channels, hollow sections and so on) and for cladding and roofing (steel sheet in various forms). Reinforced concrete uses large quantities of steel bars and prestressed concrete uses steel wire.

Ever since Britain struck oil a decade ago, there has been a call from oilmen for steel scaffolding. This was needed at first when the emphasis was on building rigs—now, offshore and onshore its main uses are in [illegible] maintenance. [illegible] UK's leading [illegible] has been associated with North Sea oil from the start. Its continuing involvement has included the Triframe support scaffold equipment in Loch Kishorn for the great concrete platform, Ninian Central, built there by Howard Doris — probably the biggest support scaffold ever erected in Britain.

Abroad, Cuplok system scaffolding was supplied by SGB Export for the £35m Cairo Plaza project, currently one of Egypt's most ambitious developments for which Higgs and Hill is one of the main contractors.

Concrete:

Annual production capacity of the UK cement industry is currently estimated to be about 19.5m tonnes. Blue Circle holds about 60 per cent of the market, followed by Rugby Portland (16 per cent) and the rest is covered by Tunnel, Ribblesdale, Aberthaw, Ketton and ICI.

Until 1972, UK demand for cement was broadly static with only minor fluctuations from year to year, but in 1973 demand expanded with an increase of 1.9 tonnes over the previous year. UK demand then declined annually, reflecting the economic conditions following energy price rises in 1973, until 1978 when it rose 2 per cent.

Demand

The year 1978 was characterised by very bad weather in the first two months, particularly in Scotland and the south-west, succeeded by a period of weak demand for a further four months. But, Blue Circle found, the second half of the year saw a very buoyant market, particularly in Northern Ireland where there was a high level of construction activity, which in turn, led to temporary cement shortages at periods of peak demand.

Rugby Portland has been producing cement and lime for over 70 years (operating seven cement works at home and one [illegible] and last month [illegible] £25m extension to its [illegible] Works. Central [illegible] massive rotary kiln and associated chain grate—the [illegible] is still to be the [illegible] in the world and [illegible] prepared feed material to process into cement clinker. With an output of 2,200 tonnes a day of cement clinker, capacity of the work will be doubled, says the company, and when the Rochester extension is in full production its cement capacity worldwide will amount to more than 4m tonnes a year.

Overseas, Blue Circle has signed a five-year technical agreement with a major cement company in Venezuela and is pursuing other opportunities and agreements in Argentina, Chile and Colombia. Its marketing teams have visited Asian countries and established contact with manufacturers and government authorities in India and China.

Bricks:

Numerous examples of centuries old brick buildings bear witness to the durability of handmade brick and its capacity to mellow with age. Superb aesthetic effects can be achieved because of the material's excellent visual appeal and, now that attractively-modelled buildings are being favoured by architects, bricks are once again increasing in popularity.

In conservation work and refurbishment (currently the major area of activity in the British construction industry) they are widely used to blend more readily with existing old buildings, and can be colour, surface and size-matched with period brickwork.

While brickwork as a structural material has made progress into the market of multi-storey, repetitive floor plan buildings—and has the majority share of the housing market—it has not made much advance in the industrial field. The preponderance of framed industrial buildings possibly reflects the lack of appreciation of brick's potential.

Timber:

Nowadays, our own woodlands provide only about 10 per cent of the timber used in Britain each year because of the numbers of native trees which have been depleted through old age, disease and lack of proper care.

About 80 per cent of softwood imports come from just four countries — Sweden, Finland, Canada and Russia (the history of Britain's timber trading with Russia goes back over a century to Czarist times).

The hardwood trade is much smaller than that for softwood, with imports of just under 1m cubic metres, and imports come from more than 50 countries in as many species, but the largest single species is beech from Europe. For tropical woods Britain looks to West Africa, the Far East and Brazil.

More than 70 per cent of the softwood which we import is used in the construction industry, the remainder spread over a host of other uses among which is packing cases and pallets. Whereas softwood imports are all sawn timber, except for telegraph poles, the hardwood trade deals with both sawn timber and logs.

Because of the visual attraction of their colour and grain, hardwoods generally are used to furniture, fine joinery and in interior panelling.

Plywood is now a construction and engineering material in its own right. It is extensively used for the cladding of timber-framed houses, the traditional house construction method in North America and Scandinavia which in the past 20 years has slowly gained more acceptance in this country.

Chipboard constitutes the largest sector of the world particleboard industry, and consumption has risen considerably year by year. There are eight main production mills in the UK which between them produce about 40 per cent of our requirements. However, when the European capacity/demand equation is out of balance—as it is now—they tend to be priced out of the market by imports.

In the past year, UK producers have complained of dumping by Swedish and Spanish mills and have taken their case to the EEC trade authorities at Brussels where minimum prices for board from these two countries were agreed.

The construction industry has taken to flooring grade wood chipboard, and is using it as a roof decking under felt. The latest such product to become available is waferboard or flakeboard from Canada.

Deborah Pickering

OUTLOOK STATIC

A CLAIRVOYANT would yield as much joy in forecasting prospects for building materials as an attempt to winkle a whisper of hard information from the various manufacturers and suppliers.

However, the National Council of Building Material Producers dropped a BMP forecasting panel report from its sleeve a few months ago which suggested that the outlook would be little better than static for the next three years.

In addition to cutbacks in public capital programmes arising out of the recent Budget, and stricter adherence to cash limits by public authorities, the abysmal record of Britain's new house building and other construction projects became apparent in the first part of this year.

A harsh winter and transport traumas caused a hiatus at the beginning of 1979 and upward trends are being corroded by fear of a recession due to shortage of energy.

Total construction output will fall this year by 2 per cent, according to the BMP forecasting panel; and it will decline by a further 1½ per cent in 1980 and stabilise in 1981. Total new work will fall by 4 per cent and 2 per cent in 1979 and 1980 respectively, and it is only the relatively buoyant sector of housing repair and maintenance and improvement which prevents greater falls in total output this year.

New public housing will be at the lowest level in the post-war period, continue the Jonahs, who do not envisage a corresponding upsurge in activity for the private sector in 1979, although some upturn is forecast for 1980 and 1981.

Construction of buildings for industrial and commercial purposes will decline together in 1980 and 1981 to about 1978 level after a rise this year. Building (other than housing) and civil engineering work in the public sector will continue its downward trend.

The next decade must see radical changes in the distribution policy of many building product manufacturers who presently adhere strictly to a "builders' merchants only" policy, says the National Merchant Buying Society. Pressures from non-merchant outlets, such as DIY supercentres, can be expected to increase, especially now that big names like Sainsbury and W. H. Smith are entering the market.

D.P.

Shortage of skilled labour now acute

SHORTAGES OF skilled labour have become acute in the past few years despite a decline in general construction work.

One of the principal reasons for this is that certain sectors of construction which are labour intensive and critically dependent on craftsmen have tended to expand in the past two years despite the low level of activity in the industry as a whole.

The impact of the decline in construction work in the mid-1970s, changes in taxation, and working conditions and pay also have been factors.

Certainly the evidence of major skill shortages is clear cut. The quarterly survey of more than 600 companies carried out by the National Federation of Building Trades Employers is probably the best guide to the state of the employment market.

The survey breaks labour availability into four broad categories: readily available; some difficulties in obtaining labour; serious difficulties; and almost impossible to find required workers.

The survey shows a remarkable trend in labour supply difficulties. Only 7 per cent of the companies in December 1977 said they were in the last two categories — reflecting real difficulties in finding labour—for bricklayers.

Now, however, more than half of the companies say they fall in those two categories with 23 per cent arguing that they find it almost impossible to obtain the bricklayers they need.

For plumbers and plasterers less than 10 per cent of companies two years ago were in real difficulties in getting labour but this has risen now to 34 per cent. So at the moment, more than half the companies are having particular difficulties with bricklayers and a third in attracting plumbers and plasterers.

The industry does not have too many difficulties attracting general labour. About 12 per cent of survey companies are having severe difficulties attracting these grades.

Although statistics produced by the Department of Employment on construction job vacancies and unemployed are viewed by the industry as near-nonsensical they do reflect a trend recognised by construction companies.

Taking total seasonally-adjusted figures for all craftsmen, there were 13.5 workers registered unemployed to every registered vacancy in February 1976. In the same month the following year the ratio was 10.5; 7.5 in 1978; 5.5 in February 1979 and 2.5 in October this year.

The federation says these figures are certainly not accurate but they do indicate a strong trend towards a general tightening in the labour market.

The trend shows some differences for different types of craftsmen. According to Government figures there are twice as many vacancies for carpenters and joiners as people to fill them. There are, however, twice as many painters and decorators as vacancies.

The tightening in the labour market is partly reflected in the total number of unemployed in building and construction which has fallen from 209,000 in the early part of 1977 to about 150,000, seasonally adjusted, now.

Upsurge

The general picture masks differences not only between types of craftsmen but also between regions. Skill shortages have been most severe in recent years in London, the South East generally and the Midlands, with the North, and particularly the North West much less so.

One of the principal reasons for skill shortages has been a flight of skilled men between 1973 and 1977. The federation puts this down to the collapse in construction work generally.

For buildings where the emphasis on skilled work is much greater than in civil engineering, there has been something of an upsurge in certain categories of work over the past two years. This, linked to the exodus of skilled men earlier this decade has produced acute skill shortages.

The federation says that over the past year there has been an increase of about 7 per cent in building work. This has been largely concentrated in housing renovation where there is a premium on craft work and where work is labour intensive.

In 1970, a quarter of construction work was repair and maintenance of homes but this year the proportion is about a third.

The relative merits of official statistics and the impact of the new VAT rate are factors in the way industry and unions perceive employment problems although it is unclear how these features warp the overall picture.

The federation says that the number of construction workers listed as unemployed is exaggerated and that the total number of job vacancies is underestimated. One of the factors in this is that many jobs are advertised and filled through the industry's "grapevine" and completely skirt official statistics.

The impact of tax changes might also have a significant effect. Heavy direct taxation probably ensues continued high levels of "moonlighting." On the other hand, the 15 per cent VAT rate encourages customers to seek traders who will not charge VAT in return for cash payments.

The unions complain bitterly about pay and conditions and cite this as a principal reason for the flight of skilled men from the industry and resulting shortages of craftsmen.

Mr. Les Wood, general secretary of the Union of Construction, Allied Trades and Technicians, the biggest union in building, says that the Department of Employments's New Earnings Survey shows that 46 per cent of construction workers are in receipt of nothing more than the guaranteed minimum earnings level for the industry. For craftsmen this is £67 a week and for labourers £57.

As a result, says Mr. Wood, craftsmen, particularly in carpentry, joinery and heating and ventilation, have either drifted away from the industry or set up shop themselves. This has been particularly marked in the South East and the Midlands.

Nick Garnett

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Time for an inner city renaissance?

Francis Duffy reports on new uses for old buildings

TAKE A trip half a mile to the East of the City of London and watch the property values fall. From Brick Lane yon can easily see the National Westminster Bank'a famous new tower, a vision of what the price of land will drive sane men to do. In the same street you can see dereliction and decay which would make Naples weep and would not be out of place in Dacca.

Not many make the pilgrimage from the Bank of Shoreditch. When I did in the summer with a bus load of European businessmen who were here to visit new British office buildings, it was not difficult through the windows of that coach to see ourselves as others see ns.

But it cannot be sald that in Brick Lane or in the East End generally there is no enterprise. Under the railway arches are entrepreneurs. In the garrets are businessmen—even if they are not quite the same as those in the City.

But decayed and even rotting old buildings need not be a maintenance man's nightmare, nor a sign that demolition is long overdue; from the point of view of the struggling merchant in Brick Lane they can be a considerable asset. Small, struggling, embryonic enterprises do not need sparkling new premises at fancy City or West End rates; they need basic space or rock bottom prices. The fringes of Inner London are full of such properties, as are those of other cities.

At the same time, there are plenty of would-be entrepreneurs or existing small businessmen who are suffering from lack of cheap but suitable (and flexible) office or manufacturing space.

There are already several well-known examples of attempts to achieve a better matching of old buildings and new enterprises. Several years ago the architect David Rock converted an old warehouse in Dryden Street, in the heart of London's Covent Garden so that a number of highly diverse small firms could share common services. The long list of varied firms—mostly designers and consultants—on the noticeboard in the busy and efficient common reception area is an index of the success of the enterprise which woold not have been possible without a redundant building, originally solidly built, and now, with a little imagination, not only habitable but smart.

After Rock has taken all the risks, had all the ideas and blazed the trail, this enterprise is now—and typically—under threat of respectable total development. But Rock's energy has not been exhausted by Drydeo Street. He has recently repeated the exercise in Barley Mow, a converted building io Chiswick, West London.

Less smart, less visible, but far more important are several attempts to use old buildings in more genuinely twilight areas of London's Inner City. A good example is Clerkenwell Workshops — the conversion by another architect-prophet, Mike Franks, of a stout but redundant industrial building in the depressed southern reaches of Islington, into a thriving community of small craft workshops.

Also in the twilight fringe of Inner London, this time in Docklands, is the renaissance of utility of the granaries aod warehouses that cluster round the church of St. Mary in Rotherhithe.

Five years ago, these remarkable warehouse buildings were rapidly falling into decay. Now through the efforts of energetic, small business campaigners like Nicholas Falk, and eventually through the support of Southwark Borough Council and the GLC, these buildings are the home of a whole variety of uses, from workshops to studios. Elsewhere in London, too, other local authorities anxious to increase employment opportunities have lent vigorous support to such projects.

Hope (Sufferance) Wharf, Rotherhithe: flexible space for small firms in a wide variety of industries

Outside London, and particularly in the industrial districts of Lancashire and the West Riding, the potential of those gaunt, empty, abandoned mills which domioate the landscape is glaringly obvious. There are many examples, all spectacularly unsmart. In Stockport, a large building called Meadow Mills has been converted into multiple use and is now occupied hy over 200 small firms in electronics, printing, packaging and distribution.

None of this is peculiarly British. In the fast-growing U.S. electronics industry, for instance, firms like Wang and Digital are famous for their adaptive use of old mill buildings. But the British examples are particularly impressive for their totally unplanned "mix" of businesses. Craftsmen, designers, repairmen, artists, electronics experts, laboratories—all can be found in different degrees in the old mills of the North, and the obsolete granaries in Dockland.

None of this, of course, is to argue that every redundant building can be re-used. It must be both not too decayed and readily available. Often in twilight areas, good space is available but access to it is blocked by a couple of lettings in the street frontage. Upstairs and in the back yards, valuable square feet slowly decay, though not all poteotial tenants need to be on the street.

It takes a special effort to tear the crust of conventional real estate thinking away. Usually, one strong individual, endowed with extraordinary energy and a lot of free time, takes the initiative, seizes the opportunity, sells the idea and pushes things all the way through.

Most examples have been opportunistic and gradual rather than totally planned. Time horizons are very short. Since the small entrepreneur in a dangerous busioess environment cannot, almost by definition, plan ahead the customary long lease is almost meaningless.

Just as marginal space is valuable to him, so is marginal time, such as the fag ends of leases. Six months is a long time in a small business. Budgets are surprisingly low and building programmes are usually carried out in slow, independent stages. Self help is vital. Activities have been housed promiscuously without sharp distinction between types of user.

Except in the inevitable Neo-Byzantine complexity the funding process, and of dealings with local authorities, re-use is completely unlike ordinary property development. Conventional development is bound by rigid rules and ossified expectations. In the absence of much sensitivity, to the ultimate end user, let alone to individual and small leaseholders, it has tended to depend upon the accumulation of big new parcels of land and to lead to the destruction of what exists.

Conventional development programmes, although taking years to complete, have tended to be carried out all in one piece, by businesslike and remote professionals. Little thought has been given to gradual adaptation and growth. Never famous for their high quality as buildings, they have been total in every way, not least in single-minded concentration on only *one* type of use, usually offices, sometimes housing very rarely mixed.

Most rigid of all is the attitude to time. If the Vatican thinks in centuries, conventional developers, once they have ensured their quick return, are not far behind. Big developments must be secure; they must be planned; they correspond to big business. Conventional development is the opposite and the enemy of adaptive re-use.

New cities like Milton Keynes have to build advanced factory units to attract new industries. In twilight London or in Pennine valleys, the advance factories are already there. When yon look at the NatWest Tower from Brick Lane and perhaps also at the towers of the unfinished Barbican, it is possible to wonder whether putting most of our eggs in a few enormous baskets is really the only *intelligent* or *creative* way *either* to design or to use our limited supply of capital.

The re-use of redundant buildings is not appropriate in every place or for every need. But it does often have the enormous advantage not only of making best use of what exists but also of being closely related to the needs of those who use the space provided: it relates to their timescale, allows them time to develop and does not force them to spend all their money at once.

There are said to be three main rules in property development—location, location and location. These rules are not immutable. Location, and its impact on property values, can and does change.

To achieve security in a game where the stakes are very high, the conventional logic of development is to concentrate on a very highly favoured location and to attract absolutely cast iron and appropriately big lease holders. Scale, standards, prices are all forced up to diminish risk. Sadly, this centripetal habit blights everything outside the favoured centre.

Adaptive re-use is more creative. It is safer because risks are dispersed. It is opportunistic and centrifugal, capable eventually of helping turn decline into growth. The re-use of redundant buildings has a flexibility which is not just an advantage to its tenants but which is capable eventually of turning property values on their head, precisely by not respecting them, but by changing them through a process of creeping improvement.

Among the motives of the pioneers of adaptive re-use is an altruistic one—regeneration of the social and physical fabric. If property developers were prepared to be adventurous for once, they could preserve their chief motive — profit — while embracing a new strategy which would turn their developments outwards, putting Brick Lane and the NatWest Tower on a similar course after all.

Francis Duffy is a partner in the firm of architects, DEGW, (Duffy, Eley, Giffone, Worthington).

How the middle classes do porridge

THE typical "white collar" criminal tends not to go in for raiding the local sub-post office brandishing a sawn-off shotgun. His speciality is something altogether more genteel—like frand, theft, larceny or just plain fudging the books.

Between 10 to 15 per cent of the prison population could, when in employment, be categorised as white collar workers. Some may be accountants or lawyers, but the more typical prisoner will have been a self-employed businessman or just a moderately senior clerk who worked in a large organisation.

In contrast with the popular image of a smooth master fraudsman, the typical white collar criminal's life is likely to be in a mess even before he commits his crime—both financially and often maritally as well, according to a new book.

*White Collar Bird** by Bryan Breed is based on interviews with 100 white collar workers in prison. Breed says that until now it has been generally thought that because such people appear to be so capable, they do not need any help, or at least not as much as other prisoners.

On the contrary Breed argues that the white collar worker has fallen further and lost more than his blue collar cellmate, and finds it harder to cope in prison.

The reason that most white collar workers commit an offence is that their lives are already in a terrible mess, he suggests. The conviction, of course, does nothing to ease those problems, but the white collar worker fares particularly badly beforehand because there is normally a very long time between their "indiscretion" coming to light and the police being ready to proceed—it can be years.

Usually he will lose his job immediately and will obviously be unlikely to find similar work elsewhere. So he is forced to take whatever work he can for less money. With less money his financial plight deepens, and if the company which was the victim of his crime seeks compensation, he may not even be able to sell his house.

"A blue collar offender might be living in a local authority flat, at a low rental, which, if his wife is on social security, will be paid for her anyway. A white collar man has much more to lose, both in financial terms and status. His life is shattered by the offence and subsequent prison sentence.

"There is little chance of his returning either to the occupation that gave him that status or to his previous standard of living. For blue collar offenders help is needed to keep their families together, certainly, and help may be needed to find him *(sic)* employment, but the change in mode of living before and after sentence is much less," writes Breed.

Although the book reads as if it were rather hastily written it nevertheless succeeds in communicating with force the horrors of [illegible] prison life: the stench and the fear (especially in Wormwood Scrubs), as well as the futility and boredom (particularly at Ford Open Prison, near Arundel.

By mixing the personal stories and accounts of the 100 white collar prisoners with an analysis of their overall backgrounds it paints a particularly vivid picture. One of its findings is that most of those interviewed had fairly low educational attainments, had had to struggle to get into a position of responsibility, and had been struggling even harder to stay there.

Determined to keep up their middle class standards they started to have financial difficulties. "The slither into crime was often not a conscious one: at the end of some months expenses and income did not meet, so a little was 'borrowed.' At first the 'borrowing' could be met before it was too late, but then it all became rather complicated."

Breed admits that these people are also the victims of their ambitions. "But it is the kind of ambition middle-class people understand only too well . . . keeping up living standards thought to be needed, or even the pride of wanting to do well by one's family, especially children."

Breed has done a good job in demonstrating the plight of the white collar man in prison—a rather pathetic plight—but he does perhaps tend to overstate his problems relative to the blue collar worker.

After all, the hard-nosed professional criminal who seems to appear every night on some television police series is as much a caricature of the average prisoner as is the white collar master fraudsman.

White collar prisoners enjoy no monopoly of having their lives in a mess.

White Collar Bird by Bryan Breed is published by John Clare Books, 69, Fleet Street, London EC4. £5.95.

Jason Crisp

LOMBARD

Real issues for the Community

BY JONATHAN CARR in Bonn

On the face of it the issue before the European Community leaders in Dublin this week looks simple. Will Britain obtain the billion pounds or so it is seeking from its eight partners on the grounds that it will otherwise be grossly overpaying next year to the EEC budget? Or will it fail—and carry out its implied threat to block Community policies in the belief that this will eventually force acceptance of its demands?

The only thing missing from this delightfully clear-cut scenario is—the rest of the world. It may be that, while the European Council is arguing about units of account, butter surpluses and lamb, the crisis in Iran will be reaching its climax. Shortly after the Dublin meeting, NATO will be taking decisions on nuclear missiles production which might force effective arms-limitation negotiations from the Soviet Union, or bring a return to the cold war. In Cambodia a people is dying.

Vacuum

And what, it may be asked, does all this have to do with the European Council? Simply this. The World of the 1980s looks like being even more dangerously unstable than that of the 1970s. The problems will be more complex and less susceptible to enforced solution by the superpowers—even assuming that the superpowers have effective and responsible leadership. In the wake of Vietnam and Watergate, the U.S. seems to have entered a period of leadership malaise for which President Carter receives most of the blame but which, alas, is probably independent of the particular occupant of the White House. In the Soviet Union the position is roughly the opposite—with a calculable policy in large measure dependent on an ageing leader whose health is clearly poor. In this situation it will be up to the democratic states of Western Europe, in their own urgent interest, to try to sink their narrower differences and help fill part of that world leadership vacuum.

Particular responsibility therefore falls on three people—Chancellor Schmidt of West Germany, President Giscard d'Estaing of France and Mrs. Thatcher of Britain. That is no mean triumvirate by any standard in the post-war years.

The worst possible development would be a community crisis begun by failure in Dublin. No one really doubts that Britain could block progress in every Community forum for many months if it wished. There is no certainty that this tactic would force the other eight to give way. But there is every prospect that wider relations between Britain and her partners would be soured long after this particular budgetary conflict had been resolved—as it must be sooner or later—with a compromise.

It would suggest to many in Continental Europe that nothing better could be expected from a Conservative than from a Labour government in European Community affairs—whatever initial change of tactic there might have seemed to be. It would strengthen the view of those who feel that the Community might be better off if Britain gave up membership. But that too is almost certainly an illusion. Such a Britain would be bound to turn protectionist sooner rather than later.

Applause

All that said, one can still hear a British voice repeating insistently "quite so—but what about our billion pounds?" Well, of course Mrs. Thatcher is quite right. It is absurd that Britain as one of the poorer EEC states in per capita income terms should become much the largest net contributor to the budget.

President Giscard D'Estaing is right too when he notes that with its North Sea oil wealth (and, not least, its premium price per barrel) Britain is better off in one key respect than France. And Herr Schmidt is correct to feel he must not impair Franco-German relations, even to please Mrs. Thatcher. In fact, going down the list of known positions of member states before the Dublin meeting, it becomes clear that everyone is right, on his or her own terms. They can all turn up, stand firm on their own positions—but, please, only until one minute to 12. The capacity for compromise is not a sign of weak leadership.

A copyright trap for the unwary

FILM AND VIDEO

BY JOHN CHITTOCK

NEVER IN the field of competition have so many companies spent so much money for so little return. That might be regarded as a reasonably fair misquotation if applied to the burgeoning video industry. And still the new projects continue to be announced—such as last week's plan (or was it hope?) for a video studio and leisure complex in converted warehouses at London docks; and the entry of Boots into the video business as another major retail outlet for both videocassette recorders and programmes.

Unchallengeable

The growth of video seems unchallengeable. As a technology and a new social tool, it makes eminent sense. The sales figures for recorders are almost on an annual par with the first years of television penetration. For some sections of the electronic business, such as the TV rental industry, it is a very welcome product at a time when something new is needed to boost turnover.

There is, however, a nasty smell of danger in the air for those sensitive enough to notice it. The success of video so far has been based on concepts which at present are insecurely founded. The most important of these is the "time-shift" concept, which says that now you can watch only the TV programmes you want to see—even if you are out—by setting the recorder to switch on automatically. The other most important facility extends the "discriminatory TV" idea further by saying that now you can also buy pre-recorded programmes just like books.

The time-shift concept is fundamental to the present success of video, as various surveys of users have established. It is logical, and electronic man needs it. But it also happens to be illegal. Most broadcast television programmes originate either from videotape or film, which falls within the definition of section 13 of the Copyright Act endowing copyright protection regardless of the argument of private use.

Until the mess over video copyright is sorted out—and it is the subject of a conference being held in London today—the video recorder industry is largely dependent on the public breaking the law. How would the motor industry feel if its customers were unable to use its vehicles without breaking the law? Proposals to overcome this absurdity have been gathering dust in successive government offices, namely those from the Whitford Committee which inquired into current copyright legislation and proposed various changes.

Brushing aside the illegality of the business, the alternative route for conscientious citizens is to buy pre-recorded programmes. Unfortunately, for all the noise that has been made by distributors entering this side of the business, the choice of pre-recorded cassettes available is still pathetic: probably no more than 400 titles between all of the UK distributors, and mostly old movies which the copyright owners have abandoned after all other forms of exploitation have been exhausted.

If the video industry becomes a dustbin for old movies, it will stand little chance when Pay TV starts in the UK. The Cable Television Association is in an optimistic mood now that the Home Secretary, Mr. William Whitelaw, has announced that responsibility for cable will rest with him and not the IBA. About 3m homes in UK can be reached by cable television and some member companies of the CTA plan to offer regular feature films on an extra channel by payment of a surcharge on the monthly rental fee. The introduction of this service presents no technical challenge; it is ready to go on the nod from Westminster.

There are unresolved arguments about the economics of cable television. No one can really get excited about a market of 3m and some engineers, but not all, claim that the cost of cabling up more homes would be prohibitive.

Meanwhile, the low cost video disc—which will seriously challenge the economics of the pre-recorded videocassette—is waiting in the wings. It is due to arrive in Britain in 1981, but its first year of commercial sale in the U.S. has been characterised by dreadful marketing failures in the supply of discs.

Video discs for playing on the machines have been not only in short supply, but are largely of a type which completely ignores the unique virtues of the technology. Although the player is made by Philips, in the U.S. it relies solely on discs made by MCA—who are partners in the project. The standard fare of movies has been reasonable enough, if limited in range, but it has stopped short at that.

The exciting potential of the video disc, which makes it different from the videocassette recorder, is based on a number of unique characteristics: freeze frame, slow motion, fast motion, repeat motion, high quality pictures, hi-fi dual-channel sound, and most important of all, numerical coding of every individual frame with precise (and almost instant) retrieval.

These facilities have inspired two research projects into programming opportunities for the Philips/MCA video disc—one at Brigham Young University, the other at Utah State University. The interest stems from the flexibility offered by the technology—such as programme branching on the one disc, information storage and retrieval, even the interfacing of the video disc with a mini-computer to control its visual replay. Thus one report from Utah quotes a San Diego meeting where the video disc was hailed as "the most revolutionary instructional technology since the book . . . (Like the book) video discs capture and make inexpensively available to an unlimited audience portions of the instructional process heretofore available only to a few."

Defenders of the miserable output of video disc in the U.S. might say that these claims do not relate to the consumer market, which is their first objective. But, as the Brigham Young report says, "what many observers miss is the fact that those same mass media home entertainment markets can also be very strong self-learning, home use markets. . . ."

Current U.S. customers of the video disc wouldn't know. The versatility of the video disc is nowhere in evidence in the marketing back-up it is receiving.

In the UK, Philips are very conscious of this problem and seem anxious to encourage a full and sensibly integrated range of programming from suppliers. But therein lies the other problem. Philips are making no investment in programmes themselves (except through supportive action), and hardly anyone else is either.

EMI pilot

EMI have done more than most through what at best could be called a pilot programme of investigation, but nothing has yet emerged from EMI in the shape of a major capital commitment. A new, small private company called The Video Factor has attracted attention, and other small groupings are ready to jump into video disc ventures.

Yet it is still a game of brinkmanship. No one has actually jumped. Everyone seems to be waiting for someone else to make the first move. It is almost the story of the book all over again. We have the technology, the authors, the printers, the booksellers, the market. But no publishers.

Midnight Court returns

RACING

BY DOMINIC WIGAN

MIDNIGHT COURT, the outstanding three-mile chaser of two seasons back, should turn the closing stages of this afternoon's Peterborough Chase at Huntingdon into a procession.

Without a run since outclassing the opposition in the Cheltenham Gold Cup 20 months ago, he would not be risked today were Fred Winter not convinced that the suspicion of unsoundness during the 1978-79 campaign is truly a thing of the past.

Midnight Court, whose speed will see he is untroubled by a race over only 2½ miles, will face just three opponents if yesterday's Wolverhampton scorer, Roadhead, stays home today.

Irrespective of whether Roadhead goes for a double within the space of 26 hours, Midnight Court's stable mate, Chumson, recent winner of a £2,600 prize when walking over at Chepstow, may be the one for forecasts.

Another race which looks booked for Uplands is the 2 mile Tetworth Novices Chase. Here Spring Frolic ought to find little difficulty in atoning for his recent failure against Doddington Park.

Spring Frolic, who failed by three lengths to take advantage of a 4 lb pull, might well have made a close thing of it but for pecking badly at the penultimate fence. Given no repeat of that conduct in today's lesser company, the Upper Lambourn six-year-old (backed from 11-2 to 9-4 at Chepstow) should have matters much his own way.

For a four-year-old making his debut over the hurdles Gay Harold did extremely well to run Wollop to a couple of lengths in a 17-runner event at Stratford-on-Avon towards the end of September. David Ringer's recruit to the winter game returns to the fray for the opening division of the Paxton Novices Hurdle and is a reasonably sound prospect now that Derek Kent has withdrawn Mississippi.

HUNTINGDON

12.45—Gay Harold**
1.15—Spring Frolic***
1.45—Mickey Mouse
2.15—Alexa Reppin
2.45—Midnight Court
3.15—Irish Poet

TEESSIDE

1.45—Gay Spartan*
2.45—Albany Spirit

TV Radio

BBC 1

† Indicates programme in black and white

9.35 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 Bagpuss. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Buford Files and Dinky Dog. 5.00 John Craven's Newsround. 5.10 The Record Breakers.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Rolf Harris's Cartoon Time (London and South-East only).
7.20 The Tuesday Film: "Countdown," starring James Caan.
9.00 News.
9.25 Time Express.
10.15 Panorama: The Kennedy Cover-up.
11.35 News Headlines.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland — 10.38-10.58 and 11.33-11.53 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 On The Green. 10.15 Current Account. 10.45 Can Seo. 11.20 Write Away. 11.35 Mainstream. 12.05 am News and Weather for Scotland.

Wales — 10.38-10.58 am Ysgolion. 4.45-5.00 pm Ci O'r Enw Samson. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.05 Pobol Y Cwm. 7.35 The High Chaparral. 8.25-9.00 Some Mothers Do 'Ave 'Em. 11.45 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Green Rock. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 6.50-7.20 East (Norwich) Sporting Types; Midlands (Birmingham) Flavour of the Midlands; North (Leeds) Hometown; North-East (Newcastle) What's Cooking?; North-West (Manchester) We Are The Grumbleweeds; South (Southampton) Pure Invention; South-West (Plymouth) Your Music Quiz; West (Bristol) Day Out.

BBC 2

10.05 am Business World.
11.00 Play School (as BBC-1 3.55 pm).
11.25 Write Away.
11.40 A Child's Place.
2.30 pm The Engineers.
3.00 Whistle Blowers.
3.30 The Living City.
4.10 A Taste of Work.
†5.35 Laurel and Hardy in "Beau Chumps."
6.10 Grange Hill.
6.35 The Waltons.
7.20 Mid-evening News.
7.30 Testament of Youth.
8.25 Chronicle.
9.25 Man Alive.
10.15 The Mike Harding Show.
10.45 A Memorable Match.
11.20 Late News.
11.30 The Old Grey Whistle Test.
12.05 am Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 Simon in the Land of Chalk Drawings. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus. 2.45 The Love Boat. 3.45 Georgie Fame and Company. 4.15 Get It Together. 4.45 Magpie. 5.15 Star Gardens.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Year of the Child.
7.30 International Gymnastics.
8.30 George and Mildred.
9.00 Documentary: "Beyond the Monsoon."
10.00 News.
10.30 The Evening News British Film Awards 1979.
11.30 Lou Grant.
12.25 am Close: A personal choice with Roy Hudd.

All IBA Regions as London except at the following times:—

ANGLIA
1.25 pm Anglia News. 5.15 Survival. 6.00 About Anglia. 12.15 am Anthology.

ATV
12.30 pm The Entertainers with Georgie Fame. 1.20 ATV Newsdesk. 2.45 Family. 5.15 Mr. and Mrs. 6.00 ATV Today. 11.30 Fantasy Island. 12.30 am Stars On Ice.

BORDER
1.20 pm Border News. 5.15 Bonkers. 6.00 Lookaround Tuesday. 11.30 Stars on Ice. 12.00 Border News Summary.

CHANNEL
1.20 pm Channel Lunchtime News and What's On Where. 5.15 Sam. 6.00 Report At Six. 10.28 Channel Late News. 11.30 Christian. 11.55 Commentaires et Prévisions Météorologiques.

GRAMPIAN
9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.45 Young Ramsay. 5.15 Survival. 6.00 Grampian Today. 6.05 Country Focus. 11.30 Celebrity Concerts (Al Martino). 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA
1.20 pm Granada Reports. 2.45 Family. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Father, Dear Father. 11.30 Ben August.

HTV
1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.45 Family. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Georgie Fame and Company. 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Ffilmiau'r 70. 11.45-12.40 am Evening News Film Awards.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH
1.25 pm News and road and weather. 2.45 Young Ramsay. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 11.30 Late Call. 11.35 Roger Whittaker in Concert.

SOUTHERN
1.20 pm Southern News and weather. 2.45 London Belongs to Me. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 11.30 Southern News Extra. 11.35 Fireside Theatre.

TYNE TEES
9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Mr. and Mrs. 6.00 Northern Life. 10.30 North East News Headlines. 10.35 Come In, If You Can Get In. 11.05 "Age of Consent" starring James Mason and Helen Mirren. 1.15 am Epilogue.

ULSTER
1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 11.30 Fireside Theatre. 12.45 am Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Sam. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Christian. 11.55 Faith For Life. 12.00 West Country Weather and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 2.45 Cabbages and Kings. 3.15 Calendar Tuesday. 5.15 Bonkers! 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Big Picture: "Cry Rape!"

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/433m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

1548kHz, 194m & 95.8vhf London Broadcasting
1151kHz, 261m & 97.3vhf Capital Radio
BBC Radio London: 1458kHz, 206m & 94.9vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 9.02 pm Max Jaffa with Music for Your Pleasure (S). 9.55 Sports Desk. 10.02 Laughter In The Air. 11.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.04 Tony Brandon (S). 7.32 Terry Wogan (S). 10.04 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Derek Hobson's Open House (S). 2.30 David Hamilton (S). 4.15 Much More Music (S). 6.00 News. 6.05 Waggoners' Walk. 6.20 John Dunn (S). 6.40 Party Political Broadcast by the Labour Party. 6.45 Sports Desk. 7.02 Brian Fahey and the BBC Scottish Radio Orchestra (S). 7.30 Folk 79 (S). 8.02 Tuesday Night is Gala Night (S). 9.02 Boxing Special. 11.02 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture concert, part 1 (S). 8.00 News. 8.05 Concert, part 2 (continued on VHF). 8.05 Cricket Special: Australia v West Indies in the Benson and Hedges Cup. 11.20 Northern University Concert, part 2 (S) (continued from VHF). 12.00 pm Swansea Festival 1979, part 1 (S). 1.00 News. 1.05 Six Continents. 1.20 Swansea Festival 1979, part 2 (S). 2.35 The Pollinex Salon (S). 3.15 Chichester 904 Festival: Chamber music concert, part 1 (S). 4.00 Interval Reading. 4.10 Concert, part 2. 4.55 Jazz Today (S). 5.45 Homeward Bound (S). 6.15 At Home. 7.10 Lutoslawski Conducts Lutoslawski (S). 7.45 "Like Dolls or Angels," by Stephen Jeffreys (S). 8.35 BBC Northern Symphony Orchestra (S). 10.50 Music In Our Time (S). 11.55-12.00 News.

VHF with Medium Wave above except at the following times: 6.05 am Overture, part 2 (S). 9.00 News. 9.05 This Week's Composers: Soler and Arriaga (S). 9.40 Sanctus Settings (S). 10.15-11.20 Northern University Concert, part 1 (S). 11.20 Interval Reading. 11.20 Concert, part 2 —VHF joins Medium Wave.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Whip Hand. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Still Small Voices. 11.55 Sounding Off. 12.00 News. 12.02 pm You and Yours. 12.27 Down Your Way. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Men at Arms. 4.00 News. 4.05 Bookshelf. 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Many a Slip (S). 7.00 News. 7.05 The Archers. 7.20 Without Boundaries. 8.15 In Touch. 8.30 The Magic of Music (S). 9.15 A Sideways Look at . . . 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hombower Story (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.00 Showcase. 4.30 London News Desk. 6.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time. 9.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London File. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,136

ACROSS

1 Seizing metal curler (8-4)
10 Parvenu is out of bed with a jump (7)
11 Examined the accounts in the fraud I tediously investigated (7)
12 The dance for Oliver (5)
13 Able to accept the mess returned and put it together (8)
15 Just like a disreputable boy to tease a childish mule (10)
16 Pedestrian understanding (4)
18 Flower of one's eye (4)
20 Once riders are confused, they must think about it again (10)
22 Double part of stratagem in a test-match (8)
24 Suppose its divine (5)
26 Concerning red outsize screen (7)
27 To steal from the French in the afternoon could be perplexing (7)
28 Sincere small coin given in pledge (7-5)

DOWN

2 Snake in ring or grating (7)
3 Dumb show about unusually late repast (8)
4 I have nothing but thanks for this, minute though it is (4)
5 Drug to deprive temporarily deserted wife (5-5)
6 Travel around head of gorge and hill-range (5)
7 Without sufficient skill to be distinguished (7)
8 Fumbler with fat digits? (6-7)
9 Feast on river with several people could be enterprising (13)
14 Relish which remains according to nice perception (10)
17 Perhaps has some wood to accompany the song (3, 5)
19 I'm to combine and plunge in (7)
21 Fellow accepts source of water to plug (5, 2)
23 In a direction that incorporates the lowest point (5)
25 Pick out work put up in street (4)

Solution to Puzzle No. 4,135

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tomor. & Sat. 7.30: The Magic Flute. Thurs. 7.30: The Turn of the Screw. Fri. 7.30: Julietta. 104 balcony seats avail. from 10 am on day of perf.

COVENT GARDEN. CC. S. 240 1066. (Gardencharge credit cards 836 6903.) [illegible]

THEATRES

MAY FAIR. S. 01-493 2031. Dec. 17. Jan. 5. Daily 10.30 am 2.00-4.00 pm. SOOTY'S XMAS SHOW.

OLD VIC. 928 7616. CC. bkgs. 261 1821. Dec. 24 to Jan. 19. Richard Goolden. Ian Talbot. TOAD OF TOAD HALL. Golden Jubilee Christmas Season.

OLD VIC. 928 7616. Old Vic Company repertoire season. WHAT THE BUTLER SAW by Joe Orton. Tonight 7.30. Wed. 2.30 & 7.30. 18th Century double bill THE PADLOCK/MISS IN HER TEENS. Thurs. 7.30. Fri. 7.30. Sat. 2.30 & 7.30. Double bill standby seats on the day £2.75, students £1.75. [illegible]

[illegible]

CINEMAS

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: Peter O'Toole ZULU DAWN (A) in Dolby Stereo. Progs. 1.10, 3.35, 6.00, 8.25. 2: THE JERICHO MILE (AA). Progs. 1.10, 2.30, 5.30, 8.10. 3: George Hamilton LOVE AT FIRST BITE (AA). Progs. 1.00, 3.15, 5.35, 7.55.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 636 0310 (opp. Tottenham Court Rd. Tube). 1: Woody Allen's MANHATTAN (AA). Progs. 12.50, 2.50, 4.50, 6.50. 2: MAD MAX (X). Progs. 2.15, 4.20, 6.30, 8.35. 3: ZULU DAWN (A). In Dolby Stereo. [illegible]

[illegible]

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THE ARTS

National Portrait Gallery

The rediscovery of Lawrence

by ROY STRONG

The late 19th century cult of Reynolds, Hoppner, Gainsborough, Romney, Raeburn and Lawrence has been a difficult and prejudiced legacy. These portraits of the English upper classes at their most hypnotic are used in the age of Duveen as a spectacular means of self-identification across the centuries by the rich of the New World. In this way there began a distortion accelerated by the condescension and rejection bred of the dreariness of Bloomsbury, allied to the spartan world of the modernists. The exhibition devoted to the finest portraits by Sir Thomas Lawrence at the National Portrait Gallery sets out to begin to peel away these layers of distorting glass and find for us a means by which we might reassess and appreciate this greatly underrated British painter. And it is paint that this exhibition is about.

The Lawrence exhibition is animated therefore by a particular viewpoint, that is that the Director of the National Gallery likes good painting. He would. To be Director of his next-door neighbour this attribute is positively a disadvantage or, at the least, a frustration. Inspired no doubt by the National Gallery's own portrait of Queen Charlotte, painted when the artist was only 20, it is hardly surprising that Michael Levey has been able to approach Lawrence purely in terms of paint. And this is the essence of the exhibition, a celebration of a British painter whose mastery of oil-paint can nobly take its place within the grand line of descent from Titian via Rubens and Van Dyck. These dazzling surfaces, seemingly so facile and at one time dismissed as such, were painstakingly achieved. Not for Lawrence the head only and off with the canvas to the drapery painter and his friends to fill in the rest. For Lawrence every detail of dress and environment was as vital as to character and as such required his personal interpretation in paint. As a result of this approach Lawrence emerges as an artist of European stature, one in his day to cross the mainland in the aftermath of the Congress of Vienna to record its crowned heads and heroes.

The assembled 50 or so pictures are presented with ... in a suite of rooms decorated by Joe Pradera to evoke the richness of a grand Regency town house with a skilful use at one point of mirror glass (visitors to *The Art of Hollywood* will know that mirror glass is *in*). Produced, as Miss Austen's novels, during the period of the Napoleonic Wars with their profound economic and social effects, it is difficult to guess that all this was going on. At the opening of the saga, in 1789, Queen Charlotte admittedly does look frail and a bit shaken by the events across the channel, but this is but a momentary flicker, for the theme of these likenesses is aristocratic pride and elegance, embodied in pale-faced young men or dowagers in the fullness of years. It is a celebration above all of Regency womanhood, whether as the wife demurely sewing or playing with her more than perfect offspring or the mistress blatantly exhibiting her luscious charms. But for those who might find this closed world of Georgette Heyer fascist privilege distasteful, let the eye be ravished by Lawrence's sheer ability to paint a head, his crumbling surfaces that animate gauze or lace or the hairs of a pet dog or the radiance of his landscapes that make one realise time and again what a contribution he could have made to the nascent age of Constable and Turner.

I have been in love with *Elizabeth Farren* ever since I was bowled over by her beguiling glance on the walls of the Metropolitan Museum of Art nearly 20 years ago. A slight will-o-the-wisp figure in a creamy white dress and fur-lined cape she steps into the English landscape of meadowland with its sheep grazing, its great trees and the sea beyond. The painting of the gloved hand holding a muff with a blue ribbon is a triumph of virtuosity as every twist and turn of the brush evokes leather and fur and the prettiness of the female figure of which they are profound expressions of character. Two decades after, Mrs. Wolff shows no signs of tiredness in the artist's response to beauty, although it reflects (as many of them do) his interest in the neo-classical movement. The S-shaped sinnous mannerist pose and elongation of her figure, the sheen of the heavy satin dress, the rose tucked into her belt echoing the bloom of her cheek, combine to evoke the perfect sybil of Regency England with its fusion of a passion for the simplicity of the antique overlaid by *grand luxe*. And his dowagers in their plain dresses and beribboned bonnets are revealed as matriarchs, formidable Lady Catherine de Burghes, in their awareness of their social position and moral rectitude.

Although Lawrence's love of theatre shines through abundantly the whole question of his sources still awaits detailed examination. Michael Levey points out, for example, his use of Van Dyck for the portrait of Lady Londonderry, but Lawrence's continuance of the "borrowed attitudes" tradition of Reynolds was probably strong. George IV appears in the pose of the Apollo Belvedere, Lady Templeton and her son seems to draw on Rubens's Education of Marie de Medici while others, such as Mrs. Henry Baring and her Children, suggest the use of motifs from classical reliefs.

No exhibition in short could be a more cheerful antithesis to the current socialist moralising and modernity of *The Thirties*. And Lawrence would have been the ideal artist to paint Lord Carrington. What is extraordinary is that there is never any falling off. Whether this would be true if the exhibition were doubled in size it would be interesting to speculate. He was a child prodigy who actually lasted. The development from the crude profiles of Lord and Lady Kenyon done when he was the inn-keeper's son to the bravura full lengths of a decade later—entirely self-taught—must be unique in English painting. What is strange is his complete lack of any worthy successors. Constable and Etty, when they painted portraits, have all the brilliance and excitement. Otherwise it quickly falls off into the limp world of Sir Francis Grant. The assertiveness of the Regency, to which his style was so exactly attuned, vanished in the face of mid-Victorian bourgeois domesticity, only to reappear in the swagger of Sargent's aristocrats and *nouveaux riches* of the *belle epoque*. The exhibition makes its point sharply and well. Never again should Lawrence be treated with anything other than respect and admiration. And for an hour we can wander into a different, magic, more confident world. The catalogue too is written with Mr. Levey's customary lucidity and style, although the gallery has been ill-served by its printers who have produced a truly alarming series of colour plates.

Mrs. Wolff, by Sir Thomas Lawrence

Elizabeth Hall

Il furioso by RONALD CRICHTON

Donizetti's *Il furioso all'isola di San Domingo* is an opera semiseria written for Rome and given there in 1833. The work had great initial success, not only in Italy but further afield. It has been revived five times in the last 20 years. To that tally may now be added the complete concert performance given on Sunday by Pro Opera and the Donizetti Society. "One of Donizetti's more remarkable operas," Andrew Porter recently wrote. It is certainly a curious piece, no doubt effective, amusing and sometimes touching on the stage, in the concert hall pleasing but not awfully sense-making.

The central situation was lifted by Ferretti (librettist of Rossini's *La cenerentola*) from *Don Quixote* and transferred to the island of San Domingo, where the hero Cardenio, driven beyond desperation by the infidelities of his wife Eleonora, has taken refuge. His plight wins the sympathy of the inhabitants; his wild appearance and strange manner frighten them. Eleonora, guilty but remorseful, follows him across the sea and is conveniently shipwrecked off the right island. After much misunderstanding, half-pathetic, half-comical, including an attempted suicide pact, the wife persuades the husband that she has mended her ways and they are reunited.

Though there is substantial music for heroine and hero (Cardenio is a baritone role, designed for the young Giorgio Ronconi) and picturesque trimmings like tropical storms, what stayed behind after Saturday's performance was the lighter music in buffo and sentimental vein. There was a nice feeling of unpretentious geniality, but the performance was not quite sharply enough defined to confirm Porter's tribute (in connection with this opera) to Donizetti's "warm, generous understanding of human joys and sorrows" and "honesty of feeling." The music, outwardly simple, is not easy to perform. Under Leslie Head's perserverance but unmercurial direction the recitatives (accompanied, not *secco*) too notably and too often went limp or ponderous.

The semi-staging of concert opera fashionable a few years ago has now, thank goodness, trickled away. But a piece like *Il furioso*, shorn of the action, demands drama in the singing. Cardenio's dementia may be hard to put across in evening dress, yet Terence Sharpe merely looked glum — the voice was of fine and even quality but too unvaried in colour. As the erring wife, on the other hand, Lois McDonall sang with so much charm and conviction that one forgave some strained high notes. In the marginal tenor role of Fernando, Cardenio's brother, Eduardo Velazco provided forward production and bright, Latin-American sound, emphasising how much British phlegm there was elsewhere, even from the ripe-voiced but unusually restrained Frank Olegario, as the slave Kaidama.

Roderick Earle sang the overseer, Bartolomeo, soundly but plainly. As Bartolomeo's daughter Marcella we heard Lynn Barber, a last-minute substitute for the indisposed Sally Burgess, performing with remarkable confidence. Under the circumstances Miss Barber could not be blamed for omitting the promised insert-aria, written for a London revival by Balfe. The Pro Opera Orchestra was fair, short on sparkle. The Stoke-on-Trent Bedford Singers, respectful but untheatrical, supplied the chorus.

Wigmore Hall

Ruffer, Poore, Emmerson

by ROGER WRIGHT

Without an interval, the programme looked somewhat daunting; yet Saturday afternoon's recital of music for flute (Nancy Ruffer) and tuba (Melvyn Poore) with electronics and sound-projection in the hands of Simon Emmerson provided a fascinating afternoon's entertainment.

Meldoci Gestures from the British Isles (1979) by Hugh Davies seeks to examine the similarities between the different sound-worlds of tuba and flute. A printing error spotted by the composer suggested the title — chosen not only as a charming addition to the English language, but also because variations and permutations are an essential feature of the work's musical procedure. The tuba plays almost continuously throughout, while flute interjections remind its companion of the lyrical quality of the musical material, derived from songs of the animal kingdom transposed into a range of pitch and speed which human ears can comprehend. The haunting stillness of the gestures has something in common with Crumb's *Vox Balaenae* (1970); the coda, incorporating an echo effect as the alto flute follows the tuba, was nicely balanced by the performers' smooth, controlled tone.

Melvyn Poore's *Tubassoon* (1979) for tuba (with bassoon reed) and electronics uses a four-channel amplification system to distribute the noise from the four valves of the instrument; each valve controls one speaker, and sounds reminiscent of car horns in a busy Italian City are hurled at the audience from the four corners of the hall. The "surround-sound" effect was entertaining; relating the tuba valves to space rather than pitch is an interesting idea—and could be investigated further.

Music for instrument and tape seems to fall into two categories—those works in which the tape dominates and those where the battle is won by the live performer. Both categories were featured here and neither was wholly satisfactory. Stephen Montague's *Paramell IV* (1979) for tuba and tape involves the tuba either leading or being lead by a tape of tuba and trombone sounds. There was no dialogue in the music; once the contrasts between live and recorded brass sounds had been stated, the piece, despite some good moments, had nothing further to communicate. In Melvyn Poore's *Playback I* (1978) for melody instrument and tape, Nancy Ruffer's live flute contribution was completely submerged by the pre-recorded tracks: a quiet, dreamlike flow, Ligeti-like in its insistence.

It was a mistake to include arrangements of six two-part keyboard inventions by Bach. The performances were under-rehearsed; the effect was amateurish, informal. *Bach Contato* (1979) by Melvyn Poore is not an arrangement but makes use of the BACH motif; like much of Poore's wind music, it's concerned with the harmonic potential of a solo instrument. The structure is episodic but elements of a chorale appear in each section before its complete statement in the closing bars; the ring-modulated tuba sound overpowered the flute in the final section but I found the idea itself attractive, engaging.

Dominion

Randy Newman

by ANTONY THORNCROFT

Randy Newman, the Woody Allen of the keyboards, delighted a fawning audience at the Dominion on Sunday night with his short, sharp, sardonic songs. It was a strange performance, divided into two very unbalanced halves. To start with we had Mr. Newman, unadorned, hunched over the piano quipping his way through his traditional repertoire of the sad and the sarcastic, choosing as subjects those human frailties of personal inadequacies usually confined to the psychiatrist's couch, mixed with unspeakable thoughts on the state of the U.S.

Then four musicians joined him: Randy Newman had become a rock band in his middle age. Unfortunately the group added little. Perhaps his creative melodies were padded out into respectable songs but the intimacy of his hold over the audience was lost. The lyrics, the point of it all, were drowned by the sound and the asides dried up. It might be more exciting for Randy Newman to front a band; it enlivens and extends the closed world of his wayward ego, but it makes one of the most unusual of current entertainers run of the mill.

Whether he is quite so Californian cool as he suggests I do not know; he is certainly unflappable as he tinkles through songs with every appearance of casual improvisation, sometimes shouting out the notes — "hey, that is an F" — sometimes commenting on the audience or the day's papers — "wow, that Ayatollah." He has, of course, a song for the occasion, "Political Science," that neatly sums up American frustration with the world. "We give them money—but are they grateful? No, they are spiteful and they are hateful. They do not respect us — so let us surprise them. We will drop the Big One and pulverise them."

He also takes in God. "God's Song," with its respectable theology, must be one of the most unusual and sophisticated compositions of the past 20 years. And yet although Newman despises humanity in his music it is done with such good humour that it is hard to take it personally. When he attacks the tiny in "Short People" no little feet padded out, perhaps because they can see the parody aspects, for "Short," read "black," or "women," or "tall." It is not all irony. In "They have just got married" he sums up American life in two minutes with a sad world-weariness. Newman can get away with a variety of moods because his own stance stays detached and witty, and it is for his musical philosophising, not his rock band, that Newman holds his quirky place in the popular pantheon.

Conference on arts and adult education

A conference on adult education and the arts held at the Arts Council in London this month and chaired by Sir Roy Shaw, Secretary-General of the Arts Council, and Professor Edward Rhodes, Professor of Adult Education, University of Liverpool, has produced nine recommendations. These are being circulated to regional arts associations, arts promoting bodies and adult education organisations.

One recommendation was that joint adult education and arts working groups should be established on a regional local education authority or local basis in order to co-ordinate resources, organise joint projects and publicise activities.

Festival Hall

Stravinsky

As it began at the Festival Hall seven weeks ago, so the Stravinsky Festival ended on Friday evening, with a concert by the London Symphony Orchestra under David Atherton. Festivals of such comprehensiveness and ambition will only gradually yield their fruits, but already these concerts have proved there is a substantial public interested in more than the handful of Stravinsky works usually encountered. Friday's highly appreciative audience was near capacity. Discoveries of great moment about the 20th century's most documented composer have been few; major insights must await the second phase of the project in the spring of 1981, presenting all the vocal and choral works. For the present then the Festival has been a celebration rather than a voyage of exploration.

The series ended, as it must, with *The Rite of Spring*. But characteristically Atherton mixed the familiar with the arcane, the neo-classical with the Russian period. The *Rite* was balanced by the most massive of the middle-period scores, the Symphony in C, and for good measure threw in three more modest works. The memorial *Ode* of 1943 is perhaps more than a makeweight; modest in dimensions—three movements lasting 10 minutes in all—but a fascinating play of neo-classical gesture, its detached manner recalling an earlier memorial work, the *Symphonies of Wind*.

Suspicion in some of the LSO's playing that the bulk of the rehearsal time had been spent on the major works. *Scherzo Fantastique* glittered only fitfully and outstayed its welcome, though the fault is partly the young composer's; the *Circus Polka*, brashly played and enthusiastically received, had some deceptive dovetailing that the woodwind did not always place exactly. But there were few significant criticisms about the meat of the evening. The symphony was fierce and appropriately unyielding and in *The Rite of Spring* Mr. Atherton displayed a flair for dramatic pacing that I have not heard before in his conducting in the concert hall, laying emphasis on cumulative weight of tone rather than episodic speed and sharpness. A triumphant ending to a fine series.

ANDREW CLEMENTS

Rosslyn Hill Chapel, Hampstead

Nexus Opera

The inaugural performances by the newly-formed Nexus Opera group were a Camden Winter Season Event last week. They appeared in tandem with Nicholas Kraemer's Divertimenti orchestra, a half-programme of music for strings preceding their performance of Holst's one-act *Savitri* of 1908. A Unitarian chapel seemed as appropriate as anywhere for Holst's serene, vaguely Hindu fable, or fabulet. The boomy acoustic mostly flattered the voices, but not their diction.

David Williams' "fully staged" production (the singers wore costumes on their bare platform, and moved about a little) was decorous, direct and unembarrassing. The score was allowed to make its own points in the hands of Alistair Dawes, who was thoroughly sensitive and assured with it—no portentousness, clear-cut lines, some real radiance in the sound. There were lovely contributions by the Nexus female chorus out of sight, perfectly blended with the orchestra's music. On Saturday when I attended there was a fresh cast: Paula Anglin fervent and persuasive as the heroine Savitri, with Michael Bulman sketching her tender, passive husband and Randall Staley declaiming soundly as Death. The elevated climax of the little opera was beautifully brought off—one heard the Richard Strauss in it, but the Strauss it brought to mind was the kindly, later Strauss of *Danae* and the silvery *Daphne*.

Divertimenti on their own, under Nicholas Kraemer, offered a well-shaped and stirring "Introduction and Allegro," the Elgar perennial, and a more tentative "Little Music for Strings" — Tippett should prompt a tauter delivery than they managed. Dennis Milne's new Guitar Concerto, written for and played (very neatly) by David Russell, proved to be as mild as it was patently Brittenish—but perhaps a useful side-dish on the meagre menu for the concertising guitar.

DAVID MURRAY

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Cost of the 'going rate'

THE "GOING RATE" is still alive and kicking, despite all the Government's attempts to lay it to rest. The idea that every worker in Britain is somehow entitled to the same percentage pay increase is now threatening to kick Britain into a disastrous spiral of inflation and unemployment. It could turn the riches of the North Sea into a millstone, whose sole effect will be to undermine industry and increase unemployment. Nevertheless, industrial relations managers, as well as union leaders, all over the country obsessively watch the pay offers of 20 per cent or more made to workers at Ford, to coal miners and to merchant seamen. Some, at least, are pencilling into their budgets figures for wages which their companies simply cannot afford.

Arbitrary

These managers give no credence to the assumptions of 13 or 14 per cent wage inflation built into Government announcements on local authority spending and national insurance. After all officials "estimates" are now little more than arbitrary figures. But these same managers must ask themselves whether pay offers made by Ford or the National Coal Board are any more relevant than the government's wishful thinking when it comes to pay negotiations in their own companies.

In an ideal world, in which workers and employers were intent on co-operating to their mutual economic benefit, two factors would largely determine the level of each company's pay settlement: the financial position of the company, and its demand for labour. Both these factors militated in favour of a generous settlement at Ford, which is why an offer as high as at 21.5 per cent was reached so easily. In the real world, there is unfortunately another factor which has to be taken into account, which is the two sides' ability to withstand a prolonged stoppage, and to exploit monopoly power to get their way. It would be pointless to pretend that groups like the miners are, in the short-term, as closely constrained by economic forces as, say, restaurant workers.

Unfortunately all these considerations have in the past ten years been largely overwhelmed by the norms imposed by government pay policies. Even when the policies have broken down, unions and employers have snatched at settlements reached by others to establish "benchmarks," instead of looking at the realities of their own industries' economic positions.

Now the government has repudiated pay policy, but the old habits of thinking are not being broken by ministerial exhortations. Many managers, as well as trade unionists do not believe that excessive wage settlements will be ruled out automatically by the Government's firm monetarism.

There is, however, a new line of defence against wage inflation, which will ensure that employers and workers pay dearly if they refuse to heed the economic danger signals. These are sounding all around them. This is North Sea oil. In conjunction with tight money, oil will keep sterling far higher than the "competitive" level which would be implied by rapid wage inflation. Sterling may fall over the next year if employers give in to unrealistic pay demands. But, at a time of continuing turbulence in the Middle East, Britain's oil wealth will ensure that the devaluation will not be great enough to protect extravagant employers facing foreign competition.

After this year's dismal trade performance no British industrial employer should be under an illusion that his market is impervious to foreign competition. Even the service industries, from tourism to insurance, are well aware that they are now operating in an international market place, in which the new-found strength of sterling has a direct and rapid impact on their profit and loss account. Inadequate profits, squeezed further by high interest rates, must inevitably mean higher unemployment, not just in some remote general sense, but specifically for many of the workers who succeed in extracting wages which their employers cannot afford. The absence of inflation accounting may delude employers for a while.

Coal imports

Indeed even the miners are coming to realise that their supposed invincibility is fast disappearing as the electricity and steel industries step up their imports of cheap coal, which a nation benefiting from North Sea oil wealth can now afford. Despite the apparent setbacks of this early part of the wage round, there is still a chance that the policy of reducing inflation through free collective bargaining may succeed in a way that would have been inconceivable without the North Sea. It would be a tragedy, however, if the only benefit from North Sea oil for Britain were to be a lesson in economics and hundreds of thousands of workers needlessly unemployed.

A gesture on the West Bank

THE ISRAELI Government has, belatedly, had second thoughts about the deportation of Mr. Bassam Shaka, the Mayor of Nablus, the most out-spoken and radical of the Palestinian leaders on the West Bank. As yet it has done no more than postpone a hearing by the military authorities of the order issued just over two weeks ago. Almost undoubtedly the appeal would have been rejected.

The decision has been made to give time for a compromise to be worked out over a measure that has aroused the united hostility of the inhabitants of the occupied territories, provoked the resignation of all their elected representatives and put into grave question the Israeli Government's commitment to negotiate some meaningful form of autonomy or self-rule for the people of the West Bank and the Gaza Strip.

Alleged remarks

On grounds of justice alone a review of what appears to have been a rushed and arbitrary sentence was required. Mr. Shaka was alleged to have condined in a conversation with General Danny Matt, a senior member of the Israeli Military Government, the Palestinian terrorist attack in March, 1978, that resulted in the deaths of over 30 innocent civilians. The outrage felt in Israel is understandable. However the transscript of the discussion seems to indicate that General Matt induced Mr. Shaka to make remarks which could be used to justify the charge of incitement to violence against him, but that the former Mayor did not identify himself with the terrorists. Mr. Shaka claims to have said no more than that such terrorist actions were the inevitable outcome of Israel's policies in the occupied territories.

The evidence is that Mr. Shaka was made the victim of enraged Israeli public opinion and, worse perhaps, a deliberate plot to silence him. His voice has been a disconcerting one in its total rejection of Israel's continued military occupation and of the very limited degree of autonomy which Mr. Menahem Begin's Government is prepared to contemplate for the West Bank and the Gaza Strip. He may have been the most outspoken of the elected leaders in the territories. But the events of the past two weeks have shown that his views are widely shared. The result of the original deportation order was indignation on the West Bank and, to a lesser extent, in the Gaza Strip. The territories have been paralysed by strikes and virtually deprived of any civilian administration.

U.S. pressure may have been instrumental in the decision to reconsider Mr. Shaka's fate. Washington's view is that Israel's action can only lessen the slim chances of the negotiations with Egypt on a form of autonomy in any way satisfying to the 1.1m inhabitants of the West Bank and the Gaza Strip. The authorities' treatment of Mr. Shaka seemed calculated to arouse hostility soon after Israel had undertaken to expedite the autonomy talks that are scheduled under the Camp David accords to be completed by next May.

Confusion

The postponement of the hearing of Mr. Shaka's appeal is symptomatic of a confusion in Israeli Government's thinking about the future of the occupied territories. Even if a compromise with the inhabitants can be worked out, the fundamental problem remains how autonomy can be evolved if Israel cannot deal with the inhabitants elected leaders and the latter, in turn, will not cooperate. The case of Mr. Shaka is an uncomfortable reminder to Israel and the world at large that the people of the West Bank and the Gaza Strip regard the PLO as their true representative. Sooner or later the PLO must recognise Israel's right to exist. Israel then will have to digest the unpalatable fact that it will have to talk to the PLO.

Home sales running out of steam—for the time being

BY MICHAEL CASSELL

AFTER ANOTHER two-year period of great activity, the private housing market looks set to run out of steam.

Since the start of 1978, average house prices throughout the country have risen by around 50 per cent, with values doubling in some areas.

Gazumping, which characterised the last house price boom of 1972-73, returned and at one stage the last Labour Government was so concerned that in a vain attempt to dampen down escalating prices, it slapped lending controls on the building societies.

Initially the market was reacting to the announcement in January 1978, of an 8 per cent mortgage rate but, more important, it then began to reflect the transition from a period of declining living standards to one in which real disposable incomes began to rise substantially. With house prices historically cheap in relation to retail prices and earnings, the stage was set for a big jump in property values.

Momentum sustained

The only surprising aspect of the boom was the time it lasted. While a substantial increase in prices was predictable in 1978, few people imagined the momentum would be sustained for the following 12 months.

At the beginning of 1979, most major building societies were predicting price rises of between 10 per cent and 15 per cent during the year, but such has been the underlying strength of demand for all types of private housing that figures at the end of this year are expected to show average increases of around 29 per cent.

At the start of 1978, the average price of all houses on which a mortgage was being approved reached about £14,300 but by the end of last August, that figure had risen to a little over £23,000.

Now, however, circumstances are changing rapidly and the market appears to be heading for the inevitable period of retrenchment which follows every prolonged bout of buoyancy.

With average house prices again a little high in terms of their traditional relationship to incomes, it was already becoming evident that the situation which had recently prevailed in the private housing market was unlikely to continue into 1980. But last week's announcement of a 15 per cent mortgage rate now looks certain to accelerate a trend which might otherwise still have taken a few more months to work through the system.

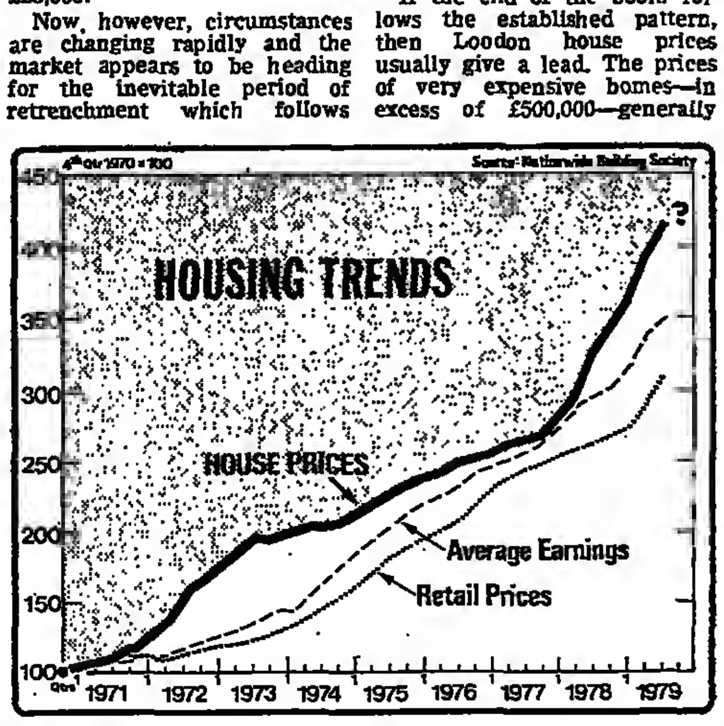
Within hours of the building societies' decision, some estate agents were suggesting that the move would have immediate repercussions on prices. Bernard Thorpe and Partners said the new mortgage rate could bring sections of the housing market "crashing to its knees" and held out the possibility of prices for some property, particularly more expensive property (over £90,000 in London and over £70,000 elsewhere) falling between now and the spring.

The agents emphasised there had already been signs that potential purchasers were showing less interest and said that any talk of noticeable price rises in the first half of 1980 could be forgotten unless interest rates fell dramatically.

Bernard Thorpe claimed there was a big danger that "chain" deals would collapse and that many people planning to move might not any longer be able to proceed with their plans.

Last week, Lloyds Bank added its own thoughts on how the market might now react. Mr. Christopher Johnson, the Bank's economic adviser, commented: "There are already signs that houses are becoming harder to sell and that asking prices are being reduced. As the economy moves into recession, house prices will probably stagnate, as they did in 1974, or at most rise by rather less than the general rate of inflation. An actual fall in prices for one or two quarters is not excluded."

If the end of the boom follows the established pattern, then London house prices usually give a lead. The prices of very expensive homes—in excess of £500,000—generally tend to be totally isolated from the ordinary costs of finance and during the most recent boom have in any case been supported by corporate and overseas purchasers.



But agents in the capital report that there are already signs of a weakening in prices, though the pattern differs in various price bands. Mr. Ray Taylor, a partner with Knight Frank and Rutley, says that in the last two or three weeks there has been a clear reduction in demand for central London homes in the £150,000-plus bracket.

At lower levels, according to Mr. Taylor, there is already evidence of a reduction in asking prices, although this invariably entails a vendor asking a more realistic price for the property in question rather than having to accept less than he originally paid for it.

The impact of higher mortgage rates on the general housing market has in the past usually proved negligible, with demand for loans being sustained regardless of the actual cost of mortgage money. Even now, there is a strong case for suggesting that with the cost of a 15 per cent home loan down to 10½ per cent for basic rate taxpayers, borrowing finance remains very cheap.

But in announcing the new mortgage rate last week, Mr. Leonard Williams, chairman of the Building Societies Association and chief general manager of the Nationwide, admitted that an increase of such proportions would prove difficult for many people to swallow.

Mr. Williams said he expected an easing in demand and accepted that some potential buyers could be stopped in their tracks. House buyers at all levels, he warned, would have to lower their sights and price rises could be expected to "diminish rapidly."

Along with other building society chiefs, Mr. Williams believes that in some respects the present situation is akin to the post 1972-73 boom period. "We are certainly approaching a position in which average house prices can be expected to rise at a rate below the rate of increase in earnings.

"But this time we are starting from a much more sound level, with average prices now standing at around three and one-half times earnings, only slightly above the traditional ratio which exists between the two figures."

At the height of the 1972-73 boom, house prices had moved ahead to a point where they exceeded average earnings by a multiple of nearly five, a factor which led in many cases to substantial reductions in prices achieved when the end of the price spiral came. Between 1974 and 1978, prices moved ahead only slowly, with average annual increases ranging from under 7 per cent to nearly 11 per cent.

The last two years have without doubt seen a more "gentle" boom, with little of the hysteria and few of the all-night queues outside estate agents and site offices which accompanied the rise in average prices of around one-third both in 1972 and 1973.

Real losses threat

Even so, people like Mr. Williams of the Nationwide say some "very fancy" prices have been paid in the last year or so and owners forced to sell homes now could face real losses.

More importantly, the large increase in the mortgage rate can be expected to have a fairly immediate impact on the bottom end of the market, where first-time buyers—without the option to lower their sights any further—may at least temporarily withdraw from purchases. A reduction in prices at their level inevitably works its way up and across the entire housing spectrum.

Until now, even first-time purchasers have managed to offset a gradual reduction in the size of average advances by finding larger deposits, though it is by no means certain that this will be possible in the months ahead.

The way the housing market reacts in 1980 is inextricably bound up with the fortunes of the building societies. But the societies themselves insist that it is the pattern of real incomes which remains the key factor in determining house prices, rather than the availability of funds.

To make their point, the societies refer to recent periods when lower lending levels have failed to stem price rises and they stress that, even in early 1978, when the government curbed mortgage advances, prices still rose.

The availability of mortgage finance remains, however, a strong influence on the market and the outlook for home loans is not good. Before interest rates began rising, the societies were hoping that this year's record lending performance—£8.8bn—would be comfortably exceeded in 1980. But even with the new interest rates now planned, they are not particularly optimistic.

In the short-term, the societies are prepared for some reduction in demand for home loans, which they believe should itself help trim back prices. As a spokesman for the Building Societies Association commented: "The length of the queue can influence prices. If you have five people bidding and one buys, it does not mean that the unsuccessful potential purchasers have not influenced the final price."

But the societies are not hopeful about reaching a position where their new investment rates attract sufficient fund to meet a level of home loan demand suitably dampened down by the 15 per cent mortgage rate.

The societies point out that, despite the leap in interest rates they are about to offer investors and charge borrowers, they will in some respects still remain slightly out of step with competitive forms of investment and will certainly not be enjoying the edge which has often existed in the past.

Large depositors, they point out, can easily obtain better interest rates from alternative sources and non tax-paying investors can also achieve much high returns elsewhere. The volume of funds coming in, therefore, is likely to remain modest and queues of some description for borrowers are likely to remain.

The house builders themselves do not believe that the long lines of potential buyers will now disappear, although they accept that some purchasers will be put off.

The industry is convinced that a shortage of mortgage funds will remain the major constraint on their activities. Mr. Roger Humber, Director of the House-Builders Federation, is pleased the building societies moved quickly to push up rates but is less enthusiastic about the likely outcome.

"I think it is a brave attempt to stop what was rapidly becoming an alarming outflow of funds, but I believe it is also fairly widely accepted that, even with the new interest rates, the volume of money coming in to societies is likely to fall further behind what is required to meet demand."

Wait and see forecast

Mr. Humber is just as concerned at the effect which record interest rates will have on the house builders' own businesses. "The industry faces a potentially serious situation, although it is important not to over-exaggerate the influence of such high interest rates if they prove to be short-term."

Mr. Humber is not yet, however, too gloomy about the number of housing starts likely in 1980. "I know that builders are determined not to be panicked into reducing construction targets for next year and most will prefer to wait for a while to see what happens. If interest rates fall, the building societies' position could quickly and dramatically improve."

Whatever the industry manages to achieve, it seems sure that builders will be selling in a tough market next year. For a short while at least, home ownership may be a little harder to achieve and sustain, although the attractions of what has become regarded as the best hedge against inflation are unlikely to be undermined by what experience, suggests will be a temporary set-back.

Roger Taylor

Chelsea flats on the market: three-bedroomed flats in central London which are now being sold for around £50,000. What price next year?

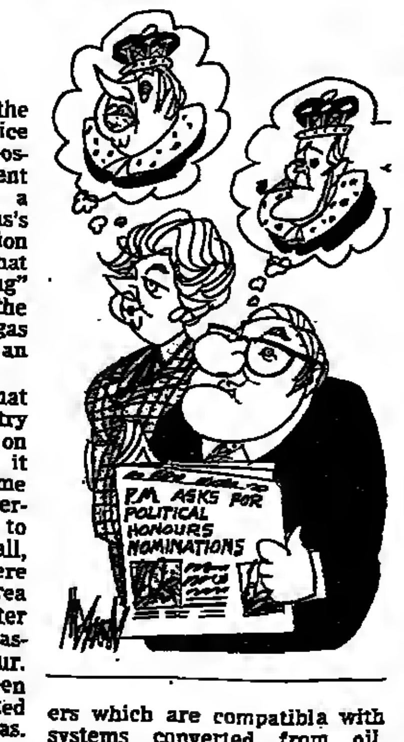
MEN AND MATTERS

The flame you may not see

Yesterday's heavy hint in the Commons of large gas price increases, starting with a possible dose of around 20 per cent in the Spring, will render a trifle redundant British Gas's £20m-a-year energy conservation campaign. This displaced what is referred to as "load-building" advertising at the end of the winter, when demand for gas was seen to be spiralling in an unprecedented way.

Cynics might observe that even now the gas industry hardly needs to spend £20m on discouraging its customers; it must also be admitted that some of these cynics have had personal experience of trying to persuade gas Boards to install, say, gas cookers. But if there were difficulties in this area before, they are now a matter of policy. A visit from the gasman is now a positive honour. "The level of inquiries has been at least double what we expected this year," says British Gas. Among those turned away, and not allowed even to join a waiting list, are all new potential customers not having the good fortune to live within 25 yards of a gas main. Inundated with demand, and hoping to satisfy this year about 300,000 new users, British Gas admits that this is impossible for any consumers other than those who, under the Gas Act—have a statutory right to be connected. One of the other conditions is using less than 25,000 therms a year.

Even those lucky enough to be near a main and to have modest demands can expect a long wait. The North Thames Gas Board, for instance—serving 5m consumers — admits to having "thousands" on its waiting list: It says it cannot specify just how many thousands: "In some cases the wait will be indefinite." About 70,000 people are waiting for central heating. There are other problems, like the continuing effects of the engineering dispute—not enough boilers have been made, and especially not enough boilers which are compatible with systems converted from oil, where the boilers tend to have a larger capacity. "It's doubtful," says North Thames Gas, in tones some may remember before the oil crisis was even thought of, "whether everyone will have his central heating installed before the winter is over." By then, it seems, it may be too late in more senses than one.



Wheeler-dealer

Bill Miller, the U.S. Treasury Secretary, has been having mixed fortunes on his pre-Opec tour of the Middle East: (Just in case anyone has been distracted by other bad news it may be recalled that the Opec countries are due to meet in a fortnight and it appears unlikely oil prices will be moving downwards.)

Anxious to keep the atmosphere relaxed at his meeting with the Saudi oil minister, Sheikh Ahmed Yamani, Miller publicly presented Yamani with an object similar to those coin-in-slot fortune-telling machines one sees in pubs. Perplexed, Yamani asked what he was supposed to do with it. "Just spin it," Miller said, grinning from ear to ear. The minister did so. The needle came to rest at "Cut Oil Prices." Yamani was not amused. "Spin it again," Miller persisted. The needle came to rest at "Support The Dollar."

I doubt whether this toy will have the desired effect. "It went down like a lead balloon," one observer tells me.

Chocolate lady

Another all-male bastion in the City has fallen. This time it is the London cocoa futures market, reckoned to be one of the more unruly commodity trading centres.

The brave lady to become the first female cocoa trader is, perhaps not surprisingly, an American with a family tradition in commodity futures trading. She is Erica Henner, who works for London brokers Gardner Lohmann. Her father is a prominent silver trader on the Chicago Board of Trade and her grandfather traded in egg and livestock futures on the Chicago Mercantile Exchange: the Chicago commodity futures markets are reckoned to be the roughest and toughest in the world.

Now in her third week amongst the boys, Erica Henner has graduated from a blue to a red button, allowing her to trade if constantly supervised. "In a couple of weeks I should be able to throw away all the buttons," she says.

The only snag so far is that all members under the rules, are obliged to wear a shirt and tie. "I had to sign something to say I'd wear a tie and keep my blouse buttoned up to the neck, but I don't—they said they'd rewrite the rules."

Wrong numbers

Apart from his established position as many people's favourite economic pundit, Wynne Godley, director of the Department of Applied Economics at Cambridge, also has a keen interest in telephones. Indeed he is the author of a recent work called The Planning of Telecommunications in the United Kingdom. Godley's immersion in Post Office affairs has left him with a certain scepticism about its affairs, in particular the "extremely undesirable" fact that users have no control at all over the charging system, and no means of telling whether it is accurate or not.

However, the PO's attitude to criticism on this score is, he says, generally smug indifference. He tells me an instance of this dropped through a Cambridge friend's letterbox the other day—a quarterly bill for over £4,000. When he protested, the PO—a fortnight late—thanked him for the query and admitted blandly: "A mistake has been found in the meter readings used to calculate the metered units which resulted in your being overcharged by 46,225 units. Our records have now been amended . . ." Evidently the zeros in some of the long-delayed bills are causing some kind of electronic delirium in the computers.

Red letter

A reader suffered, he says, "wry terror" at my story of the Iranian revolutionary guards burning a French lorry driver's FFr 100 notes because of the offensive picture they carry of the (topless) spirit of revolution. He has sent me an Irish stamp bearing the same illustration, although in this instance the tricolour has been replaced by the flag of Eire. Correspondence between Dublin and Tehran may be a little difficult.

Elastic supply

A reader who has just returned from Samoa tells me of a conversation with a local shopkeeper who described the many exports of Samoa: "There's bananas, timber, cocoa, copra—and of course a steady flow of tourists buy Robert Louis Stevenson's inkstand."

Observer

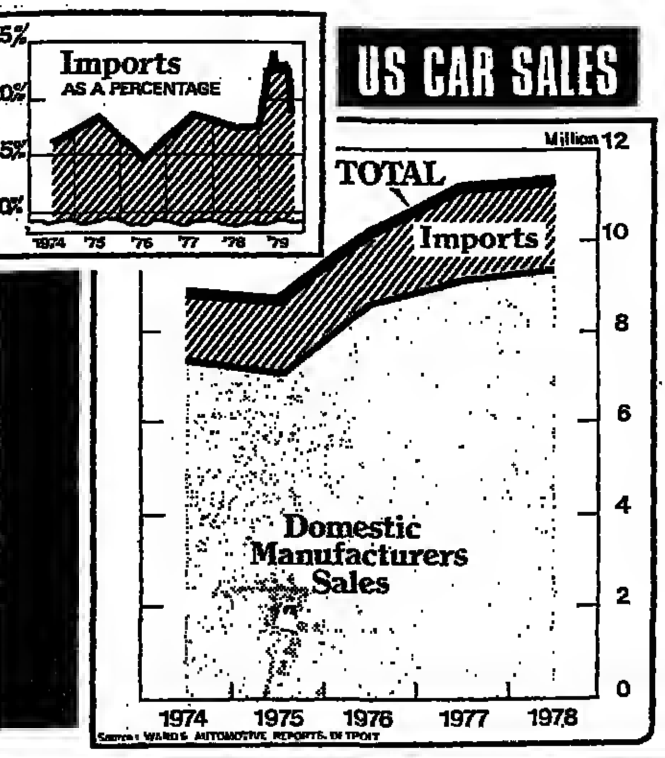
Recession has struck swiftly and hard at America's car industry; **Ian Hargreaves,** in New York, describes the global battle it faces for sales

The U.S. dinosaur is brought to bay

THE SUB-COMPACT CAR
(comparative U.S. and Japanese production costs)

	$
…panese cost advantages per …r:	
Labour	1,010
Steel	55
Total advantages	1,065
…S. Disadvantages:	
Modifications to meet U.S. safety regulations	100
Ocean freight	325
Port and packing	50
Import duty	90
Total disadvantages	565
…t Japanese cost advantage per sub-compact car …nded in U.S.	500

…sed on $1=Y217. Source: Industry …dy for U.S. General Accounting …ce.



THE U.S. CAR industry is in recession. That fact has emerged suddenly at a moment when economic analysts are still disputing whether the U.S. economy as a whole has started its descent into a slump and when political anxieties about booming car imports have been raised to a high level in the Congress debate whether to bail out Chrysler.

It has been clear for some time, of course, that the Detroit car makers would have to struggle through a two-year period in which they could not produce in sufficient numbers the small cars most Americans now wish to buy. But just as the speed of Chrysler's plunge was misjudged, so too has been the effect of these market changes on the industry as a whole. In the last six weeks, the pressure has been intensified by high interest rates at a time when the level of consumer debt is already high.

The first major jolt came from the October car sales figures, which represent the start of Detroit's model year and traditionally its most optimistic period. This year sales fell 17 per cent below those of October 1978 and shortly afterwards the three largest companies, General Motors, Ford and Chrysler, turned out an aggregate loss on their U.S. operations in the third quarter of over $1.5bn. Even mighty General Motors lost money. Within a few days of that, Ford was publicly admitting that it would lose $1bn on its U.S. car and truck business this year and that without emergency action there would be a similar loss next year.

Detroit's immediate reaction to the sales collapse was to cut already reduced output plans for the final quarter by a further 4.9 per cent, taking the October-December target to 1.9m units, which is 20 per cent less than the final quarter of last year and only a whisker higher than fourth quarter output in the last full-scale slump of the U.S. economy in 1974. If the message were not already clear enough, more lay-offs were also announced taking the total of car workers indefinitely out of work to just under 100,000—more than a tenth of the labour force.

There are, of course, special reasons for Detroit's problems outside the normal pressures of the economic cycle. The biggest of these is the switch in both federal Government standards and consumer preference towards smaller more fuel-efficient cars which the big three manufacturers simply cannot produce in sufficient volume. At the same time the industry is having to cope with capital expenditure of around $3bn this year just to meet the new federal fuel economy standards.

In the past three months, small cars have been taking between 54 and 56 per cent of U.S. car sales compared with around 40 per cent a year earlier. Thus the door has again swung wide open for the importers, whose market penetration this year will be more than 22 per cent against a 15 per cent annual rate in recent years. Of the imports, 70 per cent are Japanese. Backers of Chrysler, which needs $1.5bn in Government loan guarantees to survive, argue that if the number three manufacturer is allowed to go bankrupt, the importers' share will exceed one third next year.

This tussle in the market place is now starting once more to be reflected in the political and industrial debate about the future of the car industry. Mr. Henry Ford, no longer chief executive of Ford but still its chairman, marked the consummation of the company's purchase of a stake in Toyo Kogyo, which makes Mazda cars, in Japan with a speech last month warning that if the Japanese will not invest in the U.S. car assembly industry, the only alternative is protectionist action.

So far the Government has not obliged, although Mr. Reubin Askew, who took over this month from Mr. Bob Strauss as President Carter's special trade representative, has noted his concern about the automotive trade deficit with Japan. At almost $8bn, this represents one third of the total U.S. trade deficit with all countries.

Behind the scenes in Washington, however, the impression is of growing activity. Industry research for a recently completed General Accounting Office study on U.S.-Japan trade shows that this summer Japan was able to land a typical small car in the U.S. for $500 per unit

less than Ford or GM can sell an equivalent car to dealers. This advantage has widened in the past month as the dollar has continued to harden against the yen. Japanese motor executives in the U.S. concede that the pressure is intensifying and note a growing tendency to link the downfall of Chrysler, whose problems in fact owe as much to poor management as to foreign competition, with the import threat. It has not gone unnoticed that the federal Government has just authorised up to one year's maintenance payments to 36,000 displaced Chrysler workers under its special powers to assist workers thrown out of jobs by import pressures.

This programme will cost the Government over $400m in a full year. The autoworkers' union says bluntly that for every 1 per cent gain in importers' market share, 45,000 American jobs are exported.

These worries are not new, but in the run-up to both a recession and a presidential election these take on added significance. Mr. Strauss conducted a running battle with Japan over car imports and for a time the Japanese imposed voluntary restrictions, but these have snapped under the strain of demand this year. The difficulty is that no-one in the U.S. really wants to go the European way of import quotas. Such a policy would jar with the new U.S. Trade Act, effective from January, which provides for the phasing down of a current 3 per cent import tariff on cars. Quotas and tariffs make even less sense for General Motors and Ford, both of which have growing foreign operations which, in the case of Ford, will be crucial to overall profitability next year. These two companies see their future in greater internationalisation of components sourcing, leading to the development of the "world car" in the 1980s.

Then, of course, there is the position of the American consumer to be considered. There is a strong argument which says that General Motors, which has this year built up its share of domestic U.S. car sales to 60 per cent—at the expense of Ford and Chrysler—is escaping closer attention from the U.S. anti-trust authorities only on the grounds that it can now point to the vigorous presence of the importers in the U.S. small car market, in which GM would otherwise be able to set prices as it does in most other sectors of the U.S. automotive industry.

This intense competition between the originators of mass car production and Henry Ford's most successful post-war imitators makes for a fascinating struggle in 1980. Its importance is deepened by the realisation that as the world car concept comes to fruition in the next few years, this open competition across national boundaries by giant conglomerates is certain to become the norm. From the European point of view, the competition between Japan and Detroit in the next two years offers the spectacle of the two strongest contenders in the world car race completing a preliminary bout before its transfer to the world stage.

It is also important, however, that two of Europe's principal candidates for a place in the motor industry's survivors' list by the end of the next decade

—Volkswagen-Audi of West Germany and Renault of France—will have a ringside seat in the U.S., where VW is already manufacturing about 160,000 Rabbits (in Europe known as the Golf) a year at its Pennsylvania plant and where by 1982 Renault will be turning out its new mid-size car in conjunction with American Motors, the minnow of the U.S. industry.

For the moment, though, the spotlight is on the U.S.-Japan contest and the American companies are in the ring at far from their optimum fighting weight. General Motors, the industry leader, with sales last year of $63bn remains a financial titan, with $2.5bn in cash or cash equivalent assets even at the end of the last, dismal quarter.

Even so, in order to meet its $6.5bn capital spending programme in 1980, GM will either have to run down its working capital or, an unusual step for a company which likes to avoid long term debt, it could come into the bond market for funds.

As for sales, GM has again increased its market share in 1979, having upstaged its U.S. competitors by getting into the showrooms, albeit in limited numbers, its small front wheel drive "X"-body car (such as the Chevrolet Citation), which are sold out until the end of 1980. In other divisions, GM shares the general Detroit problem of vast stocks of slow moving cars.

Ford is the subject of more alarm. Unlike GM it rejected, four years ago, a proposal to offer a front wheel drive economy car for 1979 and has paid the price in lost market share to GM's X cars and the importers. Instead, it has struggled to down-size existing models at the same time as tooling up for production late this year of its Erika front wheel drive small cars.

The longer-term problem for Detroit is that as it gets its small cars on the road, it has to find a way of making them as profitable as the larger cars have been in the past. At present, small car prices, held low by foreign competition, are unattractive and for smaller companies like Chrysler downright unprofitable.

This means that Detroit must revitalise its commitment to finding economies of scale in a worldwide context and at home to ensure that productivity matches that of the Japanese.

With the dollar hardening daily against the yen, Detroit has even lost the comfort it used to be able to draw from currency factors.

It is still too early to say where the struggle between Japan and Detroit will lead. Most observers expect the importers' share of the U.S. car market to settle down at a little under 20 per cent next year, but currency considerations and declining expectations of the total market open these forecasts to considerable doubt.

For the future, Detroit has its cards on the table. Ford, GM and Chrysler all own significant stakes in Japanese motor companies and now Ford at least is hinting that it might not be averse to some reverse investment.

If this happened to any great extent, it would create a truly formidable partnership in the world motor industry, but so far, the Japanese are playing hard to get.

Letters to the Editor

Mortgage repayments

From Mr. John Heddle, MP (Lichfield and Tamworth)

Sir,—The housing organisation "Shelter" has stated that thousands of families will be rendered homeless because of the increase in the mortgage interest rate." For an organisation which wishes to be taken seriously in the housing field, I believe this statement to be ill-timed, alarmist and without foundation.

Since the announcement by the Building Societies Association on Thursday, November 22 that the mortgage interest rate is to rise to 15 per cent, I have spoken to 10 directors of national and local Building Societies to ask them how *they* will deal with cases of genuine hardship.

All of them assured me that provided the borrower had a good repayment record, their society would extend the term of the mortgage to soften the blow. Whilst the increase in our monthly repayments will cause us all to re-adjust our household budgets, let it be remembered that the actual rate of interest is only 10½ per cent when tax relief is taken into account. Compared with the rate we have to pay on our credit cards, HP accounts and the like, borrowers are *still* getting "good value for money."

John Heddle, Joint Secretary,
Conservative Back-Bench Environment Committee.
House of Commons, SW1.

Investment philosophy

From Mr. Stewart S. Cohen

Sir,—The recent rise in MLR has put in jeopardy one of the Chancellor's avowed aims namely to encourage investment and more particularly to encourage the starting up of new high technology enterprises.

It is clear that the scope for any tax changes in the April budget will be very limited in consequence of the current economic conditions. Nevertheless one would hope that the Chancellor would give absolute priority to measures designed to meet these aims. Recent Press comment has suggested that a prime candidate for abolition in the next budget will be the investment surcharge and while this may well help to restore the balance between investment and consumption the inevitable short term effect must be to divert investment into gilt edged and other fixed interest securities.

Initially, such a move might also divert investment from the equity market in general and so further depress investment in this sector. Real need is to provide some simple and effective incentive to investment in risk bearing capital at a time when the return on fixed interest securities is at an all time high. I believe that the most effective method might be to limit the taxation on dividends from equities to the tax credit on the dividends in question. This will have the effect of encouraging selective investment in the UK stocks.

Risk capital in new ventures is another area ripe for reform. The likelihood of a new venture in high technology becoming profitable for a number of years is very small indeed with the consequent lack of interest in investment by the public. It is known that the majority of such ventures fail and the losses sustained can only be written off against capital gains taxes.

I would suggest that any initial losses sustained by a company up to the first trading year in which a profit is earned could be passed through to the shareholder in the form of a tax credit which would be offsettable against other investment incomes. All tax losses so distributed would then be unavailable for future tax relief by the company in question.

These measures in terms of cost to the Chancellor would be minimal, but I believe that the long term effect would be to encourage a positive switch in investment philosophy.

Stewart S. Cohen
No. 3,
24, Carlton House Terrace,
SW1.

Trade in textiles

From the general secretary, National Union of Tailors and Garment Workers

Sir,—The United Kingdom clothing industry is often portrayed as declining and old-fashioned, over-manned and under-equipped, and this is an image that is frequently used as an excuse for the massive growth in imports over the past decade. Again, the director of the British Importers Confederation (November 21) conjures up this image as a smoke-screen for advocating a further surge of imports through the outward processing system.

This image, however, is far from the truth. Industrial change has been proceeding rapidly in this sector, which has been among the first to face the full intensity of the twin challenges of rapid technological change and increasing world competition. These problems have led some people to demand extreme solutions such as blanket protectionism or a virtual withdrawal from the manufacture of clothing. Either approach would be socially and economically disastrous.

What is needed is the development of a balanced range of industrial, employment and trade policies covering the aspirations of consumers for good-value products, the expectations of UK workers for well-paid and secure employment and the desire of the developing countries to improve their standard of living by expanding trade. Properly tackled all these demands can be met.

A comprehensive framework for the regulation of international trade in textiles and clothing is vitally important. World trade in these sectors is characterised by large cyclical swings and a continous growth in world *capacity.* The potential instability of trade in textile products makes it essential for importing and exporting countries to agree to regulate the scale of the changes in the direction and volume of trade. Since 1973 that regulator has been the multi-fibre arrangement.

The MFA is an essential cornerstone of a UK policy for the survival of a large-scale, viable and competitive clothing industry. When properly administered it provides a degree of security in the home market against which the industry can plan. At the same time, while not excessively diminishing the opportunities for developing countries, it provides them with a guaranteed place in world markets.

The interests of developing countries can, in no way, be served by the destruction of a major European industry. Nor will it benefit members of the British Importers Confederation. The resultant 800,000 jobs lost would have a devastating impact on demand, which could not be counter-balanced by cheap textile and clothing imports—at whatever price.

The system of outward processing is a crude attempt to undermine the limited regulation of trade provided by the MFA. Where practised elsewhere within the EEC it has had a most serious impact on employment. It has, in fact, been nothing short of a direct export of jobs.

The British Importers Confederation, has provided no evidence for the claim that "outward processing increases the competitiveness of UK manufactured textiles, both in the home and export markets." UK firms have been free to participate in outward processing within the existing rules and in the knowledge that outward processed imports would be treated in the same way as any other imports. There has, however, been little resort to this system. Since no agreement has as yet, been reached on an EEC regulation of the system, the BIC's example of a small textile firm closure because of such regulation is clearly erroneous.

Indeed, the whole thread running through the BIC's argument is inaccurate and incomplete. It is simply a Don Quixote approach to the problems that exist, rather than a balanced diagnosis.

The UK is, and must remain, a trading nation. The surest way of undermining this is through the destruction of large sectors of manufacturing industry. And outward processing is a certain path to such destruction.

Alec Smith,
National Union of Tailors and Garment Workers,
Radlett House, West Hill,
Aspley Guise, Milton Keynes.

Jargon or labels

From the Senior Editor International Management

Sir,—On the management page of November 7 Christopher Lorenz mentions "a recent magazine interview" (in fact an article in "International Management") in which Professor Igor Ansoff is quoted as defining long-range planning, strategic planning, strategic issue management, "weak signals" management and "surprise management." I put the last two phrases in inverted commas because they are by no means commonly used.

Lorenz deplores the *attempt* to attach "spuriously distinct" labels to the planning process, and I would agree with him that there is a tendency, especially on the part of American academics and consultants, to look like one-man jargon manufacturing industries.

This is not to say, however, that the "labels" so despised by your management editor exist in splendid isolation totally unattached to some useful ideas. We, in this country, should avoid intellectual arrogance as much as some of our American friends should avoid jargoneering. If, in rejecting the window dressing, we neglect to examine the goods in the store, we may miss *some* bargains.

In fact Ansoff, as the article makes plain, maps out varying degrees of sophistication in the planning process and uses the labels as signposts along the way. At the less sophisticated end of the spectrum there is not even long-range planning but only financial control systems. Is that bad? Not at all. Ansoff says that these may be perfectly adequate tools for companies operating in a very stable environment. And at the "far out" end of the spectrum there is what Ansoff calls "surprise management," while in between General Electric of the U.S. and Royal Dutch/Shell currently practise either strategic planning or strategic issue management.

Which of those two they do in fact practise is irrelevant, but the fact that there is, beyond strategic issue management, something called surprise management (no doubt to the surprise of most strategic planners!) underlines, rather than erases, the concept of planning as a continuum ending with extreme, in practical terms perhaps unattainable, sophistication.

Roy Hill.
"International Management,"
McGraw-Hill House, Maidenhead

Growling about dogs

From the Earl of Listowel.

Sir,—Growling about dogs is nothing new (Men and Matters, November 20). JACOPIS has been growling about the need to have a sensible dog warden service on a national basis since it was established in 1974. Unitedly we have been *growling* for the main animal welfare organisations, the veterinary profession and others who are concerned about the relationship between the dog and society. It was JACOPIS who in 1975 published under Lord Houghton's chairmanship "Dogs in the United Kingdom" which, for the first time, proposed the establishment of a dog warden service with a sensible licence fee to sustain it. Since then there has been the Government's Working Party Report recommending an increase in the licence fee and the provision of a dog warden service, many conferences and training courses throughout the country and the setting up, without Government assistance, of about 100 local authority dog warden services.

We welcome the conversion by parliamentarians Tony Marlow, Clive Soley and Tony Speller to the cause. For years we pressed Denis Howell, when Minister of State at the Department of the Environment, for action but "it was never the right time." From the statement by Marcus Fox in the Commons debate last week it appears it is still not the right time. Certainly there is a wealth of public support for our original proposals; there will no doubt be differences about detail but of all the organisations who have worked in this field, the JACOPIS study has been the most thorough. What is now needed is an end to official procrastination.

Listowel.
Joint Advisory Committee on Pets in Society.
Walter House,
418-422 Strand, WC2.

Today's Events

GENERAL

UK: Mr. Patrick Jenkin, Social Services Secretary, is among speakers at TUC conference on social security, London.

Zimbabwe Rhodesia constitutional conference continues, Lancaster House, London.

Mr. Ian Findlay, Lloyd's chairman, and Mr. H. G. Merriman, Institution of London Underwriters, speak at opening of marine insurance conference, London (to November 30).

AUEW and TGWU decide whether BL workers' strike is official.

Mr. Timothy Raison, Home Office Minister, speaks at Greater London Women's Advisory Committee conference, London.

National Consumer Council publishes survey of council house repairs.

Industrial Corrosion Prevention Exhibition opens, Harrogate (to November 29).

Overseas: ASEAN economic ministers meeting to study economic co-operation, Tokyo.

Mr. Adolfo Suarez, Spanish Prime Minister, meets President Giscard d'Estaing of France, in Paris.

IATA annual meeting, Manila.

PARLIAMENTARY BUSINESS

House of Commons: Transport Bill, second reading.

House of Lords: Residential Homes Bill (consolidation measure), committee stage. Charging Orders Bill, consideration of Commons amendments. European Communities (Greek Accession) Bill, second reading. Motions to approve Employment Protection (Variation of Limits) Order 1979, Unfair Dismissal (Increases of Compensation Limit) Order 1979 and Building Societies (Special Advances) Order 1979.

COMPANY MEETINGS

AB Electronic Products, Park Hotel, Cardiff, 11.30. Consolidated Gold Fields, Dorchester Hotel, Park Lane, W., 11.30. Lister, Manningham Mill, Bradford, 12.30. Raine Engineering, Omega Restuarant, Sheffield, 12. Rivoli Cinemas, 15-17 Ridgemount Street, W.C.4.

COMPANY RESULTS

Final dividends: Beolox Holdings. John Carr (Doncaster). Peak Investments. Interim dividends: Allied Breweries. Parkland Textile (Holdings). Tecalemit. Transparent Paper. R. Kelvin Watson. WGI. Interim figures: Hield Bros.

Strong second half lifts Concentric to near £2.5m

THE RECOVERY at Concentric continued in the second half and taxable profits reached £2.43m in the year to September 29, 1979, against £1.51m last time. In 1976-77, the surplus was £2.42m. Sales improved from £33.23m to £38.35m.

At midway, profits were £1.06m (£0.61m), and the directors expected the second-half surplus to be at least as good.

They now say the outcome is no more than adequate to keep the group in good shape, bearing in mind inflation. The funds generated need to be allocated and deployed carefully if the group's future is to be assured.

It would be imprudent to forecast current year profits, the directors add, but they are optimistic and hope to present satisfactory results.

The net total dividend is raised from 2.67531p to 3.2p, with a final of 2.1p.

Tax takes £144,366 (£513,988). Retained profit totalled £1.68m (£494,051), of which £1.15m (£293,765) represents deferred tax not expected to be payable in the foreseeable future.

Earnings per share are given as 12.08p (5.29p) including deferred tax and as 5.99p (3.74p) after deducting the same.

The group makes controls and assembles for the domestic, automotive and engineering industries.

The directors also announce that the group has completed the acquisition of Henley Foundries from Associated Electrical Industries for some £880,000 cash.

Henley makes grey iron castings for the electrical and engineering industries. Its net tangible assets at September 30, 1979, were about £890,000 and pre-tax profits to that date were £60,000.

It is intended that Henley will continue to develop its existing business while supporting the group's future requirements for castings, the directors say.

● comment

The strong interim improvement at Concentric has been maintained and, with the second-half pre-tax figure up by a half, profits are now back to 1977 levels. The group is brimming with confidence, which helped lift the share price by 4½p to 39p yesterday. The optimism was not fully reflected in the dividend, however, which was up by 20 per cent overall and covered almost four times. There was a net cash inflow last year and borrowings are negligible, so Concentric is well placed to pay more but with a yield of 12.6 per cent income is already the main attraction. Trading conditions are likely to be difficult for motor industry suppliers next year and a good deal of the 1979 improvement was due to elimination of exceptional losses caused by overstocking. On stated earnings, the p/e is a humble three.

HIGHLIGHTS

Lex briefly touches on the fall of some U.S. prime rates yesterday and passes on to three domestic subjects. The enfranchisement of the non-voting shares of Burton Group has raised questions of what compensation should be in such cases and there is discussion of various factors involved. Profits of Dawson International are up at the half way stage but this disguises a 10 per cent downturn allowing for the acquisition of John Haggas. Stock Exchange member firms are coming under pressure as the bear phase deepens and Lex looks at the accounts of Vickers da Costa. On the inside pages there are comments on Chamberlain Phipps, Burnett and Hallamshire, Fenner, Concentric, G. H. Downing and Sanger. Elsewhere Oil Exploration is recommending the Lasmo terms and two Gulliver companies, Louis C. Edwards and Morgan Edwards are in merger talks.

Yarrow maintains profit: dividends boosted 2.4p

AFTER lower second-half profits, Yarrow and Co. finished the year to June 30, 1979, with the taxable surplus virtually unchanged at £1.41m, against £1.4m. Turnover soared from £6.75m to £13.01m.

The net total dividend of the boilermaking and marine engineering group is stepped up from 5.15p to 7.5p, with a final of 5.65p.

Sir Eric Yarrow, chairman, says it is still not possible to give an indication of the total compensation which will ultimately be received for two former subsidiaries—Yarrow (Shipbuilders) and Yarrow (Training)—which were nationalised on July 1, 1977.

Negotiations with the Department of Industry are continuing, he adds, but these have been protracted and difficult. Progress has been disappointing.

A further payment on account of £550,000 8½ per cent Treasury stock 1981 was received during the year, making compensation received to date £2.25m.

Interest on the full amount of compensation ultimately receivable accrues from July 1, 1977. But the 1979 accounts include only interest for the year on total payments received on account and interest relating to the previous year on further payment on account.

	1978-79	1977-78
	£	£
Turnover	13,013,782	6,745,924
Depreciation	389,017	133,263
Investment income	617,802	575,235
Compensation stk. interest	310,680	137,100
Sale of investmts.	305,113	311,589
Mangmt. and dev. costs	332,641	231,427
Profit before tax	1,409,366	1,395,538
Tax	395,562	308,773
Extraord. debits	77,036	340,190
Attributable	910,193	558,221

Profit before tax is therefore understated by an amount which cannot be quantified at present, the chairman says.

There is a reduced tax charge for the year of £395,562 (£308,773). After extraordinary debits of £77,036 (£340,190), attributable profit came through well ahead at £910,193, compared with £558,221.

Earnings per 50p share are given higher at 24.7p (22.5p).

Turnover and trading results of subsidiaries acquire during the year are included only from the acquisition dates.

Sir Eric Yarrow, chairman of Yarrow & Co.

Burnett ahead £1.2m midway

TURNOVER AND profits of Burnett and Hallamshire Holdings have risen sharply in the half year ended September 30, 1979.

The directors report turnover of £38.92m against £19.12m and a taxable surplus of £2.79m, compared with £1.61m.

Results include Lowes Oils for the first time, but exclude figures from Mining Investment Corporation. Considerable efforts are being made to integrate Mincorp, directors state, and to realise the potential of the prospective mining sites acquired.

They say the full 1979-80 period promises to be another successful year—profits last year were a record £3.1m.

The net interim dividend is effectively increased from 1.494p to 3.5p per 25p share—last year a second interim of 4.6389p and a 3.0843p final were paid.

After first half tax of £1.25m (£840,000) earnings are shown as 25.61p (15.48p) per share fully diluted.

Each trading division is experiencing growth, reflecting higher trading levels and an element of profit recovery in certain areas.

Good progress has continued in the mining sector, the directors state, and profits have improved on the construction side.

● comment

The energy crisis is coming up trumps for Burnett and Hallamshire. The open-cast mining activity has been able to step up coal production in response to increased demand from the CEGB while the commercial division is able to overcome oil cutbacks from suppliers through the acquisition of Lowes, which gives it flexibility in purchasing on the Rotterdam market and provides a storage facility. In addition, there has been a recovery on the construction side, and group profits show a 73 per cent jump in the first half. Overall, the company is in a good position to benefit from the continuing oil crisis and the Mincorp acquisition will give substantial extra capacity for coal production. Including six months of Mincorp, full-year profits could be at least £6m. This indicated a fully-taxed p/e of 10.5 at 440p, up 10p. The small yield remains an insignificant investment consideration.

Hold-up in exports hits Derritron

THE DELAY in obtaining export licences for certain large orders has hit first half 1979 profits of Derritron, the electronic equipment group, and these are more than halved from £300,000 to £142,000.

The delay adversely affected the results of the main subsidiary, Derritron Electronics. However, the directors report that most of these licences have now been obtained, the goods shipped, and the group has made a strong recovery in the second half.

The directors state that a re-organisation of the management structure has proved beneficial and this combined with a very healthy order book gives them an optimistic view for 1980.

They announce that Mr. B. H. Bandy has resigned from the Board.

Turnover for the six months rose from £1.67m to £2.69m. After tax of £74,000 (£156,000) earnings per 10p share are stated at 0.51p, compared with 1.15p. The interim dividend is raised from 0.5p to 0.5746p net.

The group also announces that it has taken a 49 per cent stake in Team Corporation, a U.S. company.

The purchase price for Team, a Californian manufacturer of a range of electronic test equipment complementary to Derritron's products, is not expected to exceed $419,000.

J. E. Sanger improves before £1.3m terminal retail loss

CONTINUING operations of J. E. Sanger, the meat trading group, improved their profits from £410,000 for 15 months to £448,000 in the year ended June 30 1979. After allowing for losses of £1.32m, against £1.14m, on the discontinued retailing operations, there is a pre-tax deficit of £867,000 compared with a restated £725,000 for the previous period.

The retailing division was sold prior to the year-end and the directors confirm that there are no more losses to be incurred in respect of these activities.

For the rest of the group there were difficult trading conditions particularly in the UK, although meat trading remained profitable overall.

There is no dividend compared with 0.1p.

The directors report that every aspect of the business in under review with the objective of improving management techniques and overall efficiency.

Mr. H. M. Newton-Clare has been appointed executive deputy chairman of the group. He intends to build up a shareholding in the group.

The directors point out that subsequent to completion of the 1977/78 accounts it was discovered that a purchase accrual had been omitted in respect of meat delivered to a subsidiary, but not invoiced at the accounting date. The effect of this understatement was to understate the pre-tax loss of the group by £151,000 and to overstate the tax charge by £25,000. The 1978 figures have been re-stated to reflect this omission.

	1978-79	1977-78
		15 months
	£000	£000
Turnover	82,088	102,831
Continuing	75,014	62,253
Discontinued	7,074	40,578
Loss	867	725
Continuing profit	448	410
Discontinued loss	1,315	1,135
Taxation	52	*165
Net loss	919	561
Extraordinary items	175	—
Minority	51	13
Attributable loss	893	548
Dividend	—	10

* Credit.

● comment

Not a pretty picture at all for J. E. Sanger, the meat trading concern, with the second year in a row of large losses. The story of this company is relatively straightforward. A traditional meat trading group with international operations, it sought to diversify some two and a half years ago, choosing the retail sector as its area of interest. But this proved disastrous and so it was sold off and the decks are clear of its losses. The company appears to be admitting that it should now stick to what it does best, namely, meat trading. A veteran of this industry is acquiring a sizeable holding in the group and as a result management is being strengthened. Turnover will drop and the group may even continue in loss in the first half of 1980, but the potential for a repeat of a profit of about £1m (this year's meat trading contribution) is there. With the price down to 16½p, a new low, shareholders should get used to the philosophy that, for Sanger, small is beautiful.

Setbacks on bonds and gilts depress Vickers da Costa

SETBACKS in bond trading and on gilt-edged stock severely depressed performance at Vickers da Costa, stockbroker, in 1978/79. Operating surplus slumped from £600,049 to £99,875 for the year to August 31.

This decline was slightly eased at the pre-tax level by an £18,886 share of associates this time. Despite a tax credit and a small extraordinary gain there was a retained deficit of £38,396, against £231,413 profit. after exchange loss of £247,335 (£170,048).

Mr. R. C. Vickers, chairman of the unquoted company, says that apart from the three months before the General Election the equity market turnover was sluggish and this was reflected in the profits of Vickers' London business.

The unprecedented swings in foreign exchange markets together with the sudden increase in interest rates hit bond trading activity.

There was also a significant loss on gilt-edged stock resulting from the so-called Battle of Watling Street: "Although this led to the Bank of England altering its procedure for receiving applications for new issues of stock, the cost to us of honouring our commitments to clients was considerable," Mr. Vickers explains.

There was also a small loss on the company's market-making in traded options where, the chairman states, Vickers was at a disadvantage against competitors by the incidence of 2 per cent stamp duty and restrictions on the borrowing of stock.

"Being a prime mover in the establishment of the traded options market we were loth to give up our position, but reluctantly were compelled to realise that unless we were competing on level terms the dice were loaded against us."

Even so Vickers remains active in retailing traded options and as a clearing agent for other brokers through its joint venture with Carr, Sebag and Company, called Opclear.

The reduction in position-taking by both the company's Eurobond and traded option market makers had a significant effect on the balance sheet. A much greater proportion of the group's resources are now in cash or UK Treasury bills and gilts. The Board proposes to maintain this level of liquidity.

At year end, cash was up from £3.98m to £6.63m and holdings of bills and gilts had jumped from £88,000 to £1.06m. On the other hand debtors were down from £29.06m to £14.06m and creditors from £28.11m to £16.99m.

Group turnover was lower at £1.07bn, compared with £1.13bn. Though brokerage commission improved marginally to £3.1m (£2.99m) a downturn from £1.24m to £537,836 from arbitrage bond trading, options and other business, left total revenue at £4.88m, against £5.19m.

Manganese Bronze makes poor start

A poor start has been made to the current year at Manganese Bronze Holdings, and there is no confidence that the first half will show any better result than last year's setback, Mr. Dennis Poore, chairman, says in his annual review.

As reported on November 16 taxable profits for the year ended July 31, 1979 fell from £2.73m to £1.46m, after £322,000 (£1.14m) at midway.

Mr. Poore explains that the current year has suffered the effects of the engineering dispute, and that the coming winter, "may have other unpleasantnesses in store."

At July 31 group fixed assets were £12.9m (£10.6m) and net current assets amounted to £6.1m (£5.7m).

Liquidity decreased by £833,000 (£363,000) during the year.

R-R Realisations seeks £5.5m insurance cover

THE JOINT liquidators of R-R Realisations, formerly Rolls-Royce, yesterday lost their appeal against a High Court registrar's refusal to permit distribution of £5.5m final dividend to about 80,000 shareholders, because compensation claims on behalf of air crash victims are pending against the company.

But distribution could still go ahead, if the liquiratodA ahead, if the liquidators are able to obtain insurance cover for the dividend, which would protect the company if it was held liable to pay compensation.

Sir Robert Megarry, the vice-chancellor, directed that his order dismissing the appeal should not be drawn up for three weeks, to give the liquidators time to negotiate the insurance.

The liquidators had appealed against a decision of Mr. Registrar Hunt that it would not be just to allow distribution to go ahead, because writs had been issued, but not yet served, claiming compensation on behalf of 55 people who died when an Indian Airlines Caravelle jet crashed at Bombay Airport in October 1976. R-R Realisations is one of nine defendants named in the writs.

The Vice-Chancellor said that detailed provisions for the final distribution, planned for December 6, had been made before the liquidators were notified of the writs. Although it would have been better if earlier notification had been given, it would not be just, in all the circumstances, to allow distribution to proceed.

The liquidators announced in October that the final distribution would be 8.41p per £1 ordinary stock unit.

Although an existing insurance policy might be sufficient to meet any claims arising out of the crash, the judge did not know whether the insurers would accept liability, or whether questions might arise over the language of the policy.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Burnett & Hallamshire int.	3.5	Jan. 23	1.49*	—	6.13*
Chamberlain Phipps int.	1.1	Jan. 7	1	—	2.81
Comore Invs. int.	1	Mar. 18	1	—‡	2.4
Concentric	2.1	Jan. 16	1.68	3.2	2.68
Dawson Intl. int.	3	Jan. 24	3	—	7
Derritron int.	0.57	Feb. 1	0.55	—	0.81
J. H. Fenner	4.92	—	4.48	8.22	7.48
J. E. Sanger	Nil	—	0.1	Nil	0.1
Stag Line	5	Jan. 3	5	5	5
Yarrow	5.65	Jan. 18	3.45	7.5	5.15

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Forecast total not less than last year.

SPAIN

November 23	Price %	+ or —
Asland	102	
Banco Bilbao	200	
Banco Central	204	
Banco Exterior	206	
Banco Hispano	200	
Banco Ind. Cat.	136	
Banco Madrid	187	
Banco Santander	203	
Banco Urquijo	204	
Banco Vizcaya	202	
Banco Zaragoza	195	
Dragados	100	
Espanola Zinc	60	
Fecsa	58.2	
Gal. Preciados	37	
Hidrola	65.5	
Iberduero	60.2	
Petroleos	116.5	
Petroliber	76	
Segelios	122	
Telefonica	60.2	
Union Elect.	63.5	

BRAZIL

November 26	Price Cruz	+ or —
Acesita	1.24	−0.08
Banco Brasil	2.25	−0.10
Banco Itau	1.43	
Belgo. Min.	1.50	−0.20
Lojas Amer.	2.22	−0.18
Petrobras PP	1.57	−0.07
Pirelli	1.38	−0.07
Souza Cruz	3.00	−0.18
Unip PE	5.10	−0.20
Vale Rio Doce	2.70	

Turnover: Cr.289.7m. Volume: 145.9m.
Source: Rio de Janeiro SE.

Dawson midway growth checked by strong pound

FOLLOWING the chairman's forecast in May of further growth in the current year, Dawson International, the Scottish textile group, reports an increase of 12 per cent from £6.63m to £7.44m in the pre-tax profits for the six months ended September 30, 1979. Turnover rose 25 per cent to £56.3m.

The directors point out that the result, which included a half year's contribution from Haggas, was achieved despite the poor trading conditions prevailing in most sectors of the textile industry. But for the strong pound, profits, if converted at last year's currency levels, would have been some £1.4m higher.

	Six months 1979-80 £000	1978-79 £000
Sales	56,322	44,899
Trading profit	7,103	6,502
Interest received	336	129
Profit before tax	7,439	6,631
Taxation	3,004	2,678
Net profit	4,435	3,953
Extraordinary credit	—	10
Preference dividend	8	9
Attributable ordinary	4,426	3,954

Although the economic outlook in most parts of the world is dismal, all group companies have good order books and are operating at near capacity. The directors say that they will continue to pay close attention to maintaining the group's strong cash position which remains at a very high level.

An unchanged interim dividend of 3p is declared—the total for 1978/79 was 7p, paid from record profits of £16.3m.

See Lex

Stag Line loss is £689,300

ALMOST a year ago Mr. N. J. Robinson, chairman of Stag Line, the North Shields shipowning group, described prospects for 1978-79 as grim. In the event there is a loss of £689,301 for the 12 months ended October 31, compared with a profit of £618,873 which was struck after exceptional credits of £678,418.

This result follows a deficit of £483,006 compared with £167,361 reported for the first half at which time the directors said that any dividend would be considered when the full results were known. The directors recommend that the dividend be held at 5p per £1 share.

Turnover in the year was virtually static at £2.51m, compared with £2.53m, and the trading profit came out sharply lower at £65,657 against £278,329. From this was deducted heavier depreciation and loan interest payments of £770,144 (£182,065) and there were exceptional debits of £53,750 compared with the exceptional credits last time of £678,418.

After a tax credit the net loss comes through at £352,751 equal to 28.59p per share.

	1978-79 £	1977-78 £
Turnover	2,514,523	2,526,178
Trading profit	65,657	278,329
Depreciation	513,523	304,879
Loan interest	322,278	155,515
Leaving loss	770,144	182,065
Investment income	134,593	122,520
Exceptional debits	53,750	*678,418
Loss before tax	689,301	†618,873
Tax credit	336,550	‡300,930
Net loss	352,751	†317,943
Dividends	61,681	57,331
Loss retained	414,432	†260,612
Forward	1,627,797	2,042,229

* Credit † Profit. ‡ Charge.

It is announced that Mr. R. B. Ropner has been appointed to the Board.

Fenner down by £1.4m as strikes take toll

HIT BY industrial disputes, taxable profits of J. H. Fenner and Co. (Holdings), power transmission engineer, dropped from a record £9.05m to £7.61m for the year ended September 1, 1979, after a fall from £5.4m to £4.8m in the second half. Turnover, however, was higher at £91.89m, against £80.53m.

The whole of the profit downturn was attributable to UK operations. Overseas, the total result in sterling terms exceeded last year, despite lower conversion rates.

The directors say the reversal in profits trend is not indicative of the group's fundamental trading strength or potential.

Despite keenly competitive market conditions and upward movement in the value of sterling in later months of the year, they say last year's profits would at least have been equalled had it not been for consequences of industrial disruptions suffered by the group, its suppliers and customers, the effects of which continued to be felt long after original actions had ended.

The current year opened with a healthy level of order intake at home and abroad, but production losses through disruptions have already prevented this opportunity from being fully translated into an appropriate level of realised profit.

While earnings are well ahead of last year, industrial relations and operations both in the company's own factories and in the country at large are the key factors in its performance in the current year.

Given uninterrupted production, the directors have confidence in the ability of group management to restore the growth pattern of recent years.

Profits for the year under review were struck after depreciation of £2.27m against £1.82m, and interest charges up from £929,000 to £1.67m.

Stated after-tax earnings declined from 20.82p to 16.61p per 25p share, but the dividend total is raised to 8.22p (7.48p) net with a final of 4.82p.

With SSAP 15 applied, tax took £2.91m (£3.61m) — tax relief taken into account in arriving at the charge was £1.33m (£0.78m). There were minorities of £413,000 (£559,000) and the surplus retained emerged lower at £2.23m, compared with £2.94m.

The year's result included a five months contribution from Dick Bearings, 60 per cent of which was acquired during the year. Early results confirm the board's expectation that the combination of separate activities in power transmission and bearings distribution would produce a synergistic effect beneficial to both.

James Dawson and Son also fared well in its first year as part of the group with a profit contribution ahead of forecast.

Group exports were reasonably ahead of last year, but were hit by the transport strike which disrupted shipping arrangements and resulted in order cancellations.

The South African, Australian, New Zealand and German companies all made solid progress. However, Fenner (India), which performed well in most areas, failed to achieve last year's performance due to weakness of demand for colliery conveyor belting.

A break-even position was achieved at Fenner America, which brought to a halt the series of losses of recent years.

Rivlin loss reduced to £53,000

PRE-TAX loss of I. D. and S. Rivlin Holdings, clothing and textile group, has been reduced to £53,188 for the year ended April 30, 1979, compared with £435,810 which included £308,800 from discontinued companies.

Mr. A. J. Vogel, chairman, says in his annual statement with the accounts that while it is not possible to declare a dividend, the directors are confident that plans for future group reorganisation will prove effective, "and we sincerely trust that profitability will . . . be achieved, if not in the current year, certainly by the year ending April 30, 1981."

The last dividend paid was a 1.17p net interim for 1976-77.

At the half-way stage a £118,000 loss had been turned into a £15,000 profit, and the directors hoped that progress made in overcoming the current difficulties, and benefits from steps taken, would enable the group to return to profitability for the full year ending April 1980.

Turnover for 1978-79 was £8.76m (£12.78m including £3.1m from discontinued), less inter-company sales amounting to £2.73m (£2.18m).

Loss for the year came out at £91,574 (£1.07m), giving 1.07p (10.99p) per 10p share, after a tax credit of £41,634 (£6,712 charge) and extraordinary debits of £47,911 against £624,093.

Extraordinary items comprised of loss of investment in the discontinued companies £12,265 (£661,518); losses on shop closures £99,154 (nil), representing trading losses incurred after the dates of the decisions to close, and other terminal losses arising: less £63,508 (£37,425) transfer from deferred tax.

Mr. Vogel states that the reduction of the retail group, by elimination of loss-making businesses, has been completed with 12 shops having been closed with disposal of the properties.

He says the company has been released from the outstanding guarantee of Sachs and Sherman, the receiver of which having discharged the indebtedness to the Midland Bank.

"The restoration of the company's quotation is a priority of the Board and the foregoing release is a major step in this direction," he says—the group's listing was suspended in June 1978.

At April 30, group fixed assets were £983,560 (£1.04m) and net current assets amounted to £615,027 (£732,291).

Stocks were reduced to £1.88m against £2.23m and bank overdrafts decreased to £887,977 (£1.32m).

Meeting, 100, Old Broad Street, E.C., December 18 at 2.15 p.m.

INGALL INDUSTRIES

Mr. H. Marston Riley, chairman of Ingall Industries, told the annual meeting that the trading situation was unchanged from the position reported in the annual report and accounts.

"We are still suffering from the effects of the engineering strike; however, I am glad to tell you that the traditional side of the business is continuing to make good progress," he added.

British investment in new U.S. exploration venture

BY ARNOLD KRANSDORFF

AROUND 20 British institutional investors, mainly investment trusts, have subscribed Canadian $7m to invest in Warrior Resources, a new oil and gas exploration company which has listing in Vancouver.

The investment is through a placing by Canadian stockbrokers Mead and Company, of 5m shares of Warrior at C$2 each. The company's chief executive is Mr. Jerome Williams, who directed Occidental Petroleum's team in the North Sea's Piper and Claymore fields.

Mead says that Warrior was bought in June 1979 to be the vehicle through which European investors could participate directly in oil and gas development in the U.S.

A spokesman said that Warrior's initial aim was to buy production in gas and oil properties and undertake low-risk drilling projects in the U.S.

At present the company was contracting three oil deals in Texas, Oklahoma and Alaska. Other deals were in the pipeline, one of which was outside the U.S., the spokesman said.

This long-term aim was to create a major oil company, he added.

According to Mead, the placing is the largest single issue of shares by a oil and gas exploration company on the Vancouver market.

The company's assets include seven mining claims and a 16.6 per cent interest in a consortium planning to stake claims in British Columbia. It has offices in London and Vancouver.

The company's British institutional investors include John Govett, Henderson Administration and Edinburgh Investment Trust.

Rise for Local Authorities Property Fund

The value of The Local Authorities' Property Fund rose by 9 per cent over the half-year to August 31, 1979, from £79m at the beginning of the period to £86m at the end.

The value of the unit price over the period increased by 2.4 per cent from 123.8p to 126.8p, while rents received amounted to £2.41m, against £2.3m in the previous six months and £2.01m in the half year to August, 1978.

The fund enables local authorities to invest part of their superannuation funds directly into property, preserving the favourable tax status, without getting involved in the administration. Contributions during the period from local authorities amounted to £5.05m, compared with £1.58m in the previous half year and £3.67m in the corresponding six months of 1978.

The managers point out that despite high interest rates, property values had generally remained firm. During the period, the funds entered into or completed several contracts at a cost of £3.58m. The liquidity of the fund at the end of the period, after allowing for known commitments of £3.4m, was 2.4 per cent of the fund.

The distribution per unit for the period was 4.0201p gross, after allowing for management charges, against the previous distributions of 3.9232p and 3.6655p.

J. Hepworth outlook optimistic

Plans already being implemented should enable J. Hepworth and Sons, multiple tailors, to successfully overcome the less easy period of the current year, says Mr. R. E. Chadwick, the chairman.

Record sales and profits, as reported on October 31, were achieved in the year to August 31, 1979. The taxable surplus rose 26 per cent, from £5.23m to £6.6m, and turnover increased by 20 per cent to £51.33m, excluding VAT.

The net total dividend is stepped up from 2.54p to 3.79p, with a final of 3p (1.82p).

On an inflation adjusted basis profit is reduced to £5.6m (£4.5m) by £1.1m (£0.6m) extra depreciation, £0.2m (same) additional cost of sales less a £0.3m (£0.1m) gearing adjustment.

Mr. Chadwick says the introduction of new lines of merchandise has generated increased profitability, but this has brought pressures on the company's warehouses. New warehousing facilities will be required in the longer term to take into account the higher proportion of non-hanging garments.

He reports a decline in made-to-measure tailoring and this has meant the closure of one production unit. The group now has over 300,000 customer accounts and a similar service for a number of other retail companies is now operating, through a company jointly owned with Forward Trust.

The value of the company's properties, excluding short leases, has increased by £28,329,000 since the previous external valuation in August, 1977. Property sales during the year contributed an extraordinary pre-tax profit of £890,000. This was the profit against book value (1977 valuation), and the profit against cost is £2.9m. After tax, this represents an extraordinary gain of £2.65m.

During the year Hepworth's opened four new shops and substituted three shops on better sites. Fourteen shops have opened within Debenhams Stores and the company has increased its selling space by 18,000 square feet as a result of de-arcading 50 shops.

New Lloyd's syndicates

Fenchurch Underwriting Agencies, part of the Guinness Peat Group, is starting two new Lloyd's syndicates in 1980. Mr. Alec Sharp, currently with the Ennia Insurance Company (UK) will begin underwriting a non-marine account and Mr. Stephen Chappell, a former deputy Lloyd's underwriter, a livestock account.

Chamberlain Phipps up 15% to £1.73m so far

FOLLOWING a rise to a record £3.89m for the previous year, Chamberlain Phipps, has increased its pre-tax profits by 15 per cent from £1.51m to £1.73m for the first half of 1979.

Six months turnover, of this manufacturer of components and materials for the footwear, clothing and automotive industries, advanced 10.6 per cent to £31.03m.

Mr. W. R. F. Chamberlain, chairman, says the group is maintaining a good level of activity and in spite of a further rise in interest rates, he expects a satisfactory result for the full year.

Stated earnings are ahead from 3.67p to 4.1p per 10p share, and the interim dividend is 1.1p (1p) net—last year's final payment was 1.8054p.

The net attributable balance emerged at £922,000 (£826,000) after tax and minorities.

	First half 1979	1978
	£000	£000
Turnover	31,025	28,048
Trading profit	2,069	1,712
Associates	21	26
Interest payable	356	230
Profit before tax	1,734	1,508
Taxation	642	588
Net profit	1,092	920
Minority	170	94
Attributable	922	826
Dividends	252	234
Retained	670	592

● **comment**

Against a background of better *footwear statistics*, offset by a near one-third jump in raw material prices and higher interest rates, *Chamberlain Phipps* has turned in a 15 per cent profits rise in the first half. This represents a lower rate of growth than in previous years but while this was not unexpected, the surprising feature is that the traditional *shoe component operation (about three-quarters of group profits)* managed to marginally outpace the general industries division, where a big push is being made to diversify out of a lack-lustre sector. Including exports and overseas sales, the group's shoe element increased its trading profits by nearly a fifth to £1.3m while other activities, particularly the vinyl wallcovering and metalising companies, improved by 16 per cent to £0.7m. This pattern is unlikely to change in the second half indicating a full-year profit of roughly £4.4m. The shares sell on a fully-taxed p/e of under 5 at 40p, a price underpinned by a yield of over 12 per cent.

E. Jones cuts loss midterm

TAXABLE LOSSES of Edward Jones Group, formerly Edward Jones (Contractors), were reduced from £67,000 to £43,700 in the first half of 1979. For the whole of last year, losses totalled £28,000.

The directors of the building contractor and developer say the results reflect the bad weather in the first quarter.

As already indicated, they add, trading is improving and steps are being taken to settle outstanding claims on completed contracts. This, together with the sale of surplus development land, should reduce the company's overdraft requirement by the year-end.

Turnover for the half year amounted to £1.44m, compared with £1.65m last time. There is a tax credit of £22,700 (£34,750).

London & Montrose

An interim dividend of not less than 2.5p for the current year will be paid next April, says Sir Reginald Wilson, chairman of London and Montrose Investment Trust, in his annual statement. This represents about one-third of the 7.15p total paid for 1978-79.

Revenue earnings continue to be satisfactory, the chairman adds. As reported on October 19, gross revenue advanced 18.11 per cent to £1.22m in the year to September 30, 1979.

There has been a further fall in the net asset value since the year-end, when it stood at 271p per share—8p lower than a year earlier. The continued decline reflects weaker market prices, the chairman says.

Investments at valuation totalled £26.57m (£27.07m), of which £16.82m (£15.48m) were listed in the UK and £7.94m (£10.04m) elsewhere.

Meeting, 83 Cannon Street, EC, December 20 at 3.15 pm.

English and Scottish Investors

Following changes in the regulations concerning overseas investments and the virtually complete removal of Exchange Control regulations, the overseas portfolio of English and Scottish Investors has been re-financed with direct purchases of appropriate currencies.

This has been achieved with the proceeds of the sale of holdings of long-dated gilt-edged stocks and also through a realisation of part of the UK portfolio.

All outstanding dollar loans, totalling $10.5m, have been repaid. These had been arranged over the past two years to reduce exposure to the dollar premium to a minimum and had fulfilled their purpose.

Country Gentlemen's Association

The directors of the Country *Gentlemen's Association* expect full-year results to show an improvement over the £13,705 loss incurred last time, following completion of major policy changes on the trading side. Also, the bulk of the company's profits usually come in the second half.

Pre-tax losses for the half year to September 30, 1979, totalled *£14,141 against £15,411. Turnover* amounted to £1.14m (£1.04m).

The changes have caused expenses in redundancy and stock losses which will not recur, the directors say. Other sections are showing better results and membership is increasing.

R. Pullman expects record

A record year to April 1980 was forecast for R. and J. Pullman, garments and textiles makers and merchants, by Mr. Maurice Hope, the chairman, at the annual meeting.

He stated that C and V and Skincraft, the recent retail acquisitions trading in furs, leathers and sheepskins, had shown a dramatic increase in turnover and profits since takeover.

There was heavy demand for the company products and advanced spring sales were very satisfactory. The problem was producing enough to meet the demand he said.

Downing falls £0.3m midway

TAXABLE PROFITS of G. H. Downing and Co. fell by £300,000 to £750,000 for the six months to September 30, 1979. But given a normal winter, the directors are reasonably confident of a satisfactory result for the year.

For the *previous full* year, profits reached £1.93m.

The severe winter adversely affected the half-year's result, while the electrical subsidiary suffered from widespread lack of demand for heavy capital equipment *and* the *refractories* division continued to be hit by the world-wide depressed state of the steel industry.

However, increased output of facing bricks from *Chesterton* and of roofing tiles from Keele *is* available and sales are holding up well.

The group is principally engaged in the manufacture of clay facing bricks, roofing tiles and specialised refractories, stone quarrying, and electrical engineering and wholesaling.

Exports for the *half* year slipped from £1.03m to £0.9m. There was no tax charge for the period, compared with £100,000 last time and earnings per 50p share dropped 3.31p to 12.44p.

Depreciation took £450,000, against £260,000.

Interim dividends are *normally* announced in March—last time, an interim of 2.75p was followed by a final of 5p.

● **comment**

The market was expecting a drop in pre-tax earnings at G. H. Downing, but probably not as much as 28.6 per cent. It sent that share price 8p lower to 102p. The *reasons* for the decline are clear enough: The Dutch operation (bricks) suffered during a harsh winter and it reports on a calendar-year basis anyway, meaning that the first three months were severely affected, sterling's strength hindered the export trade and the malaise of the steel industry dented the refractory business. But with a price increase in October (bricks) and newly increased facing-brick productive capacity at Chesterton, *there is reason to believe that* the group may approach a repeat of last year's £1.93m. If this happens, a p/e of 6.7 on a full tax charge would be in order. The interim dividend is traditionally announced at year end, but a maintained net would yield a healthy 10.7 per cent prospectively.

Sumrie at £99,000 halfway

PRE-TAX profit of Sumrie Clothes increased from £72,000 to £99,000 for the half year ended September 29, 1979 on turnover little changed at £2.31m against £2.28m.

In June the directors reported record annual profits of £384,000 (£203,000) and felt that if current *trading* conditions continued throughout the year, a satisfactory result could be achieved.

The directors now state that *the company's customers* are not ordering the same quantities of merchandise as far in advance as in normal trading conditions, which leaves them to believe that the second half of the current year may prove to be as difficult as any other time previously.

They are, however, optimistic that the company's policy of modernisation, and *that its* merchandise continues to compare favourably with competition at home and abroad, will enable a satisfactory full-year result to be achieved.

Pre-tax figure for the six months was struck after interest of *£15,000* compared with £10,000, and was subject to tax of £51,000 (£39,000). Net profit came out at £48,000 against £33,000.

The company has not paid an interim since 1974/75 — last year's final was 2.5p net per share.

Plans for tidying up Gulliver food side

Mr. James Gulliver, the former chief executive of the Fine Fare supermarkets group, yesterday unveiled plans for the final tidying up of the food interests acquired by Gulliver Foods, his private company.

The two companies involved are Louis C. Edwards, meat retailer and processor, and Morgan Edwards, a grocery retailer and wholesaler for the grocery association. Gulliver Foods has 30 per cent of Louis with options to purchase a further 9.9 per cent, and also owns 29.9 per cent of Morgan with options over another 2.2 per cent.

Now Louis and Morgan are holding talks which could lead to a merger, a move which Mr. Gulliver describes as concentrating Gulliver Foods' activities in one public quoted company.

The announcement from the two Edwards companies yesterday also contained information on trading profits, two significant acquisitions by Louis and a rights issue.

Louis Edwards has produced figures for the nine months to September 30 which show that operating profits, including a £4,000 six-month contribution from Yorkshire Biscuits bought in May, amounted to £370,000. After interest and overheads this is reduced to £164,000, and there are exceptional losses from discontinued operations of £55,000. Below the line is an extraordinary credit of £66,000.

The company continues to plan expansion by acquisition and wants to raise £500,000 through a one-for-10 rights issue (underwritten by Gulliver) to help in its purchase of Cordon Bleu Freezer Food Centres for £2.65m including the issue of 3m Louis shares) and Furniss, a biscuit and confectionery maker for £480,000 cash.

Morgan Edwards also unveiled its interim profits for the 24 week to September 15. These show an increase in pre-tax profits from £14,000 last time (over 28 weeks) to £146,000. Morgan is also planning acquisitions—it brought two supermarkets in Stoke-on-Trent earlier this month—and intends to buy more as well as open new stores.

The Board also expects the payment of a final dividend after two and a half years absence. Louis Edwards, on the other hand, is not paying an interim dividend, partly because the closure of the catering business last April will leave a further £107,000 residual exceptional losses for the final quarter after the £155,000 shown for the nine months.

While the merger talks continue, both sets of shares have been suspended. A further announcement will be made no later than the middle of January after which there will be special meetings of both sets of shareholders to approve the acquisitions involved and to agree the merger terms.

Louis Edwards' shareholders are being advised by Samuel Montagu, and Morgan Edwards' by County Bank.

SOBRANIE

Sobranie (Holdings) announces that an offer has been received for a property charged under the trust deed, as a result of which its sale is now imminent.

Accordingly it has been decided to increase the repayment terms of the outstanding £30,953 nominal of 6½ per cent debenture stock 1983-88 from £98 to £100 for every £100 nominal.

BRITISH TISSUES

Oy Nokia AB of Finland and G. A. Serlachius Oy have agreed that Nokia will buy Serlachius' 25 per cent shareholding in British Tissues. Following the acquisition, Nokia will hold 50 per cent of the British Tissues capital. The other 50 per cent is held by Wiggins Teape and Smith and Nephew Associated Companies through a joint holding company.

SEARS HOLDINGS

Sears Holdings, the stores, footwear, engineering and betting office group, has raised its stake in Sears Industries of the U.S. to nearly 82 per cent, with the acquisition of 125,000 shares in unsolicited private transactions.

Sears Industries, linen hirer and women's knitwear distributor, says that its parent holds 1.57m of its 1.92m common shares outstanding. Sears Industries shares closed at $5, up 1¼ cents, on the U.S. Stock Exchange last Friday.

Manor National clips its profit forecast

Manor National Group Motors, which is bidding £1.8m for CGSB Holdings, has scaled down its profit forecast in the light of current trading and the boost in interest rates; and also says the formal offer documents will be delayed because of talks with Ford Motor.

Having previously forecast that 1979 profits would be at least £1.2m before tax after £1.01m last year, it now says that the figure "will not be less than £1.1m." But it still intends to pay a final dividend of 1.5p net making 2.5p for the year.

Manor, formed out of the merger of Oliver Rix and Manchester Garages, said yesterday that it was still discussing with Ford the financial and franchise implications of its proposed purchase of CGSB and "it is likely a decision will be made shortly." Consents have been obtained from all other suppliers.

When first making its offer at the end of October, Manor said it was conditional on confirmation that existing franchise and supply arrangements with both companies would continue in their present form for at least 12 months.

The agreed bid was also conditional on the achievement by both companies of their forecasts, CGSB—which has accepted Manor's earnings revision—having estimated a pre-tax profit of at least £45,000 for the year to September 30. This sharp drop from the previous year results from the haulage strike, rising interest rates, margin pressures, and refranchising costs.

Ford's importance for the grouping, which would have a combined turnover of over £60m, can be gauged from the fact that the U.S.-owned concern would account for a quarter of overall business, with BL responsible for around 60 per cent.

CRELLON

Shareholders of Crellon Holdings have agreed to the change of name to Mainline Electronic and the cancellation of the share listing.

They may now submit applications for permission to deal in the shares under Rule 163 (2) — separate permissions are required for each transaction.

At one stage it seemed that the Stock Exchange was reluctant for Crellon to remove itself to the 163 (2) category while this rule is being reviewed, but permission has now been granted and dealings already appear to be taking place.

FISONS EXPANDS IN AUSTRALIA

Fisons has acquired Protea Pharmaceuticals Pty. of Australia, its subsidiaries Difrex Laboratories Pty. and Drugs and Chemicals Pty. in a cash deal. The companies have an annual turnover of A$6m (£3.03m) in a wide range of pharmaceutical products.

The acquisition extends Fisons' existing pharmaceutical interests in Australia which include research based products and proprietary medicines with the addition of a range of development based products.

The group gave no price for the acquisition.

Fisons' pharmaceutical division achieved sales of £65m in 1978, and at the 1979 interim stage sales were 15 per cent up on the same period last year.

BTR Australia expands

BTR Australia, the main holding company of the BTR group in Australia, has bought the industrial products division of Firestone Australia for A$2.5m (£1.3m).

The business which employs 330 people will in future trade as BTR Industrial Products Pty, with sales operations in every state and factories in Auburn, NSW, and Sunshine, Victoria. Sales in the past financial year were A$14m.

The company manufactures and markets a wide range of industrial rubber products. Following the merger of the two businesses, BTR is now Australia's leading industrial rubber manufacturer.

Three further acquisitions have also been concluded by BTR Australia. It has acquired two belting, hose and industrial rubber distribution companies, Rubberflex Pty and Don O'Connell Pty, with combined sales of A$6.25m.

The third acquisition is that of Johnson and Sons (Eng) Pty which is now operating as Johnson Engineering Pty. With sales of A$2.5m, the company complements the pipework and plant installation expertise of BTR's Pacific Piping and Equipment.

COSTER AEROSOLES

In view of the announcement that Cope Allman International Limited is offering to acquire the capital of Flexile, the directors of Coster Aerosols (a former associate of Flexile) wish it to be known that the capital previously held by Flexile is now independently owned.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Allied Breweries, Grampian Television, Parkland Textile, Tecalemit, Transparent Paper, W.G.I., R. Kelvin Watson.

Finals—John Carr (Doncaster), Peak Investments, Vereeniging Refractories.

FUTURE DATES

Interims—	
Arlen Electrical	Nov. 30
Dykes (J.)	Dec. 6
Illingworth Morris	Dec. 4
Leaderflush	Nov. 30
Mitchell Somers	Dec. 11
Norton (W. E.)	Dec. 3
Pentland Investment Trust	Dec. 13
Renwick	Nov. 28
UKO International	Nov. 30
Woodrow Wyatt	Dec. 13
Finals—	
Carr's Milling	Dec. 7
General Stockholders Investment Trust	Nov. 28
Guinness (Arthur)	Dec. 14
London and Montrose Investment Trust	Jan. 17
Proprietors of Hay's Wharf	Nov. 29
Stenhouse	Dec. 13

KCA gets £2m loan from deal with Swiss group

KCA International, the oil servicing and contracting group, and Sandoz, the Swiss-based chemical group, are to co-operate in the technical development of KCA's wholly-owned subsidiary, B. W. Mud. The deal will give KCA £2m of extra finance.

Under an agreement, on which a letter of intent has been signed, Sandoz will provide B. W. Mud with a range of chemicals and grant KCA International with a three-year loan of £2m. It will have to pay £150,000 per year for three years to B. W. Mud for specification and application know-how.

The agreement will be confined to the research, development, manufacture and application of mud chemicals initially for use in the North Sea.

Dr. Pierre Spahr of Sandoz Products, England, will be appointed research and development manager and purchasing adviser to B. W. Mud.

Mr. Paul Bristol, chairman of KCA, said yesterday that the provision of the £2m three-year loan "will help KCA in its overall expansion plans" such as the recently-announced acquisitions of Seamud and Exploration and Production Services.

SHARE STAKES

Crouch Group — Teape-White Property Holdings has acquired 12,500 ordinary, bringing holding to 337,500 (8.4375 per cent).

Merchants Trust—Following a recent purchase of ordinary stock units, Pearl Assurance holds 3,978,333 units (7.8 per cent).

Marlborough Property Holdings—H. S. Jolliffe, director, has sold 100,000 ordinary, reducing his holding to 1,550,906.

London and Provincial Trust—Kowait Investment Office has acquired an interest in 100,000 ordinary, making total interest 2.13m.

Rowntree Mackintosh—Joseph Rowntree Memorial Trust has disposed of 50,000 ordinary, reducing holding to 7,774,996 (7.2 per cent).

Fitzwilton—V. A. Ferguson, director, has disposed of 30,000 ordinary, reducing holding to 483,888 shares.

Change Wares—J. H. Dale, director, has transferred 200,000 ordinary held personally by him to Halson Leisure Services.

RESULTS AND ACCOUNTS IN BRIEF

LONDON PRUDENTIAL INVESTMENT TRUST — Interim dividend 2.0p in respect of year to April 30, 1980 (1.5p) and final 2.25p forecast. Gross revenue £4,383 (£195,253). Net earnings £2,345 (£108,693)—equal to 2.54p. (1.81p). Net asset value per share 99.4p (102.3p).

OCEANA DEVELOPMENT INVESTMENT TRUST—Gross revenue for half-year to September 30, 1979, £8,245 (£5,982). Profit £3,905 (£2,053) after tax of £1,429 (£672). Earnings per 25p share 0.74p (0.39p). Net asset value 39.3p (40.6p) per share.

CITY AND COMMERCIAL INVESTMENT TRUST—At October 31, 1979 net assets attributable to capital shareholders £6.66m (£7.06m at July 31) equal to 189⅝p (201⅛p) per share.

STRANWOOD GROUP (hosiery and associated products)—Turnover six months to July 31, 1979 £3,112,000 (£3,157,000). Profit £27,000 (£21,000) before tax £14,000 (nil). Minorities £—,000 (£8,000).

COMMON BROTHERS (Shipping Group)—Results for year to June 30, 1979, and prospects, reported November 2. Group fixed assets £5.37m (£11.43m). Investments in associates £—,000 (£549,000). Mortgage loans receivable £7.71m (nil). Net current liabilities £290,000 (£725,000 assets). Cash and short-term deposits £2.01m (£4.52m). Liquid funds fell by £2.51m (£3.9m increase). Meeting, Newcastle-upon-Tyne, December 14 at 10 am.

MUNICIPAL PROPERTIES—Turnover Turnover first half 1979 £120,658 (£105,295). Net profit £49,895 (£52,786) after tax £58,000 (£57,000).

BORDER AND SOUTHERN STOCKHOLDERS TRUST—Results for September 30, 1979 year already reported. Listed investments in GB £58.42m (£55.85m), overseas £29.48m (£32.52m), unlisted £1.11m (£0.52m). Net current assets £61,158 (£1.18m). Liquidity increased by £0.21m (£0.93m). Meeting, 77, London Wall, EC, December 18, at 12.45 pm.

C. H. BEAZER (HOLDINGS) (commercial, industrial and residential developer)—Results for year to June 30, 1979, and prospects, reported November 5. Group fixed assets £2.59m (£1.76m), net current assets £4.65m (£4.35m). Debtors £2.41m (£1.83m). Cash at bank £59,445 (£796,297). Bank overdraft £1.79m (£891,745). Creditors £2.57m (£1.23m). Meeting, Bath, December 14, at noon.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.330	—	—	—	—	0	0	F.310.50
AKZ C	F.30	—	—	0	0.60	45	3.70	F.25.00
AKZ C	F.27.50	25	0.80	—	—	—	—	"
AKZ C	F.30	27	0.10	0	0.60	01	1.30	"
AKZ P	F.25	12	0.50	—	—	30	1	"
ARB C	F.65	—	—	—	—	3	4.70	F.05.60
BQ C	F.220	10	10	—	—	—	—	F.228
ND C	F.22.50	—	—	20	1.80	0	2.50	F.22.70
ND D	F.20	—	—	7	1.20	—	—	"
HD C	F.27.50	—	—	3	0.70	4	1.10	"
IBM C	$65	5	1⅞	—	—	—	—	$62½
IBM C	$70	—	—	0	1	—	—	"
KLM C	F.70	05	5.00	—	—	—	—	F.70
KLM C	F.80	44	1.60	10	3.50	21	2.20	"
KLM C	F.90	12	0.40	0	1.00	10	2.40	"
KLM P	F.70	12	2.30	17	4.40	—	—	"
KLM P	F.70	12	8	0	8.10	—	—	"
KLM P	F.80	—	—	3	17	—	—	"
KLM P	F.90	1	27	—	—	—	—	"
NN C	F.100	10	1.50	5	3.50	—	—	F.114
PET C	Fr.5000	12	050	—	—	—	—	Fr.5400
PET C	Fr.5500	4	050	—	—	—	—	"
PET C	Fr.6000	17	120	14	250	—	—	"
PHI C	F.20	—	—	—	—	75	2.50	F.01.50
PHI C	F.20.50	02	0.40	260	1	114	1.20	"
PHI C	F.25	20	0.10	65	0.30	3	0.50	"
PHI P	F.22.50	—	—	3	1.80	2	0	"
PHI P	F.25	1	3.90	—	—	1	4.10	"
RD C	F140	4	10	—	—	—	—	F.105.10
RD C	F.145	11	12	02	10.30	—	—	"
RD C	F.150	200	2.20	20	11.40	60	12.80	"
RD C	F.160	330	3.10	200	6.20	46	7.80	"
RD P	F.140	30	0.50	—	—	—	—	"
RD P	F.145	100	1.20	40	2	—	—	"
RD P	F.150	20	2.30	5	3	—	—	"
RD P	F.160	30	6.50	4	0.50	—	—	"
UNI D	F.120	5	0.90	45	3	0	4	F.118.50
UNI C	F.125	—	—	22	2	—	—	"
UNI C	F.130	—	—	20	1	—	—	"
XON C	$55	15	4¼	—	—	—	—	$56¾
		Feb.		May		Aug.		
BA C	$40	30	0½	—	—	—	—	$45¼
BA C	$45	30	3½	—	—	—	—	"
BA C	$50	—	—	10	2⅞	—	—	$97⅞
SLB C	$80	4	18½	—	—	—	—	"
SLB C	$90	—	—	22	13⅛	—	—	"
SLB C	$100	—	—	—	—	7	9¼	"
		Dec.		March		June		
GM C	$50	23	2⅛	25	4⅛	—	—	$51⅛

TOTAL VOLUME IN CONTRACTS 2581

C=Call P=Put

MINING NEWS

Pancontinental diversifies

BY PAUL CHEESERIGHT

PANCONTINENTAL, THE Australian company waiting for approvals to develop the massive Jabiluka uranium deposit in the Northern Territory, is entering what it calls a "substantial oil and gas business" in Canada.

At the same time, the company has plans, so far unannounced, for oil and gas operations in Australia.

These moves were presented to shareholders at the annual meeting in Sydney yesterday by Mr. Anthony Grey, the chairman, as "consistent with Pancontinental's ultimate objective of becoming a major natural resource company with emphasis on energy resources."

But they imply that the company is searching for quick sources of revenue in the face of difficulties in bringing Jabiluka to production.

Although Mr. Grey noted that "the growing pro-uranium consensus throughout the country (Australia) has created a more favourable climate for the Jabiluka project," his more detailed remarks suggest that an early start to Jabiluka development is not imminent, and could be as far away as 1981.

Because, as Mr. Grey put it, "Government approval has been agonisingly slow in materialising." Pancontinental's share price has remained aloof from the recent advance in Australian mining shares. Yesterday in London the price was 712p, compared with a 1979 high of £10½ and a low of 625p.

The development of the Canadian interests, set beside the company's generously-pitched rights offer announced at the beginning of the month, could offer a tonic to patient shareholders whose hopes for Jabiluka have been dashed by events as frequently as they have been raised by company optimism.

Pancontinental is establishing a new company with personnel of Focus Resources, a Canadian exploration concern. It will have a 60 per cent stake, rising to 80 per cent. The company will start oil and gas exploration in western Canada before the end of the year.

The new company will start with a budget of A$3.5m in cash.

Arrangements are currently being made for joint ventures. The Focus personnel involved have achieved "a 70 per cent success ratio in oil and gas exploration," Mr. Grey said.

Pancontinental has been involved with Focus for some time. Among the discoveries of the joint venture has been 29bn cubic feet of gas reserves in the Louise area of British Columbia, which it is expected will be brought to production in the next few months. Small scale oil reserves in Alberta come to production next month.

Despite the promise of the Canadian prospects, Pancontinental's main hope of developing into a major force in the natural resources field remains the Jabiluka uranium deposit. At present company officials are working with the Government on environmental requirements.

But final approvals for the projects cannot be put into place before questions of land tenure have been resolved. These questions have tended to be obscured by the concentration on the development of the Government's uranium policy and debates about the environmental merits of opencast or underground mining.

Jabiluka is on land which was once part of the Mudginberri pastoral lease. Following the recommendations of the Fox Commission in 1977, the land has been resumed by the Government so that it may be the subject of a claim, under Aboriginal land rights legislation, by the Northern Land Council representing local Aboriginals.

The claim was made a year and a half ago, but is not likely to be heard until next year, Mr. Grey told shareholders. Formal negotiations with the Northern Land Council on environmental details and royalty payments obviously cannot take place until the land is in Aboriginal hands.

Unless the land claim hearing takes place early in the year and there is a rapid start to the negotiations with the Northern Land Council, it seems likely that Pancontinental could miss the 1980 dry season, essential for a start to construction without an access road.

Other news in brief

Tongkah Harbour Tin Dredging, which is incorporated in Malaysia, proposes to transfer the beneficial control of its mining assets and operations in Thailand to a Thai incorporated company. This arises from the requirements laid down by the Thai Government for the reissue of mining leases which have expired or are due to expire. Further details of the proposed reconstruction of Tongkah Harbour will be announced in due course.

* * *

Higher production of tin concentrates and increased metal prices have boosted profits for the year to June 30 of Malayan Tin Dredging. They amount to M$15.9m (£3.33m), or 172 sen per share, compared with M$6.1m in 1977-78. An interim dividend of 105 sen (22p), less Malaysian tax at 40 per cent, was paid earlier this year and there is to be no further dividend for 1978-79. But the company has now declared an interim of 235 sen for the current year to next June and intends to make two further payments for the period.

* * *

Canada's Inco reports that the labour dispute at the Exmibal, Guatemala, operation has been settled with the signing of a two-year collective agreement on wages and working conditions. The dispute, which closed down smelting operations, began on November 7.

OIL AND GAS NEWS

Jordan looks at oil shale potential

WEST GERMAN experts have joined Jordanian and Soviet technicians exploring the extent and quality of Jordan's potentially huge shale oil reserves reports our Amman correspondent.

A four-man German mission headed by Dr. Hans-Hermann Schmitz, of the Federal Institute of Geo-Sciences and Natural Resources of Hanover, is conducting a pre-feasibility study for the Jordanian Natural Resources Authority (NRA), amid new estimates from the NRA that Jordan's reserves of shale rock could be as much as 10bn tons.

This in turn has prompted the Jordan Electricity Authority to look into shale as a potential fuel for new power stations now being planned for the end of this century.

The Government has also joined the bandwagon by allocating $2.5m (£1.16m) to finance the shale studies, prompted by the realisation that shale oil and sunshine are the only two indigenous energy sources that Jordan can hope to exploit in the future to offset a rising bill for imported Saudi Arabian oil.

The NRA drilled 20 boreholes this summer in the shale-rich Lajjoun area, 100 km south-west of Amman, the samples from which are being studied by the German team.

Preliminary tests indicate the quality of the shale is good enough to fuel power plants, such as the 300 megawatt station the electricity authority would like to build at Qatrana, 20 km east of Lajjoun, to provide electricity for the vast central region of the country in the 1990s.

The money allocated by the cabinet will allow at least 80 new boreholes to be drilled, with samples to be tested in Jordan and abroad, primarily in the U.S., Germany, and the Soviet Union.

Based on tests completed to date, Jordan's shale rocks have a yield averaging 26 gallons of oil per ton of rock. This compares to a yield of 14 gallons from German shale and 40 gallons from the top-quality Colorado shale in the U.S.

Talks are meanwhile continuing with the Soviet Union for a programme of joint studies on Jordan's shale reserves.

* * *

A three hour production test on the Thomby Creek No. 1 well in Queensland's Surat Basin produced a flow of 49 degrees API gravity oil at a rate of 513 barrels a day.

Gas separated during the test was measured at a rate of 193,000 cubic feet a day, according to Bridge Oil, operator of the well.

At the time of the initial discovery Crusader Oil, another participant in the well, estimated the flow rate at 1,500 barrels a day plus.

Bridge added that at least one more well will have to be drilled and further tests carried out before the commercial significance of the discovery can be evaluated.

The Thomby Creek structure is within the Rocky Creek farmout area and under a farmout agreement with International Oil Pty., Bridge Oil, its subsidiary Project Mining and Crusader Oil can earn a 50 per cent working interest by drilling one well and a further 25 per cent by drilling a second. Bridge owns 90 per cent of Project Mining.

* * *

Endeavour Resources, AAR, Australian Oil and Gas, Bridge Oil, Offshore Oil, Oxoco International, Peyto Exploration, and Voyager Petroleums, have completed an agreement with BP Petroleum Development Australia Proprietary, allowing BP to farm into Petroleum Exploration Permit WA-82P on the North-West Shelf, West Australia.

The agreement provides for B.P. to drill a test well at its sole cost and expense to earn a 55 per cent working interest in the permit. Endeavour will retain a 4.5 per cent working interest when B.P. has earned its interest.

The well is scheduled for drilling during the first quarter of 1980, subject to rig availability.

WA-82P covers an area of 20,730 sq km, extending offshore from near the coast and north of Port Hedland.

Early in 1979 the farmout group shot the North Keraudren seismic survey which delineated a large anticlinal structure suitable for drilling.

The agreement is subject to the approval of the Minister for Mines, West Australia.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Dollar eases

THE DOLLAR lost ground against most currencies in yesterday's foreign exchange market, as uncertainty over the situation in Iran continued to undermine confidence. Against the D-mark it fell to DM 1.7490 from DM 1.7610 and to FFr 4.1105 from FFr 4.1330 in terms of the French franc. It was firmer against the Swiss franc at SwFr 1.6515 against SwFr 1.6510, but this was well below the best level for the day of SwFr 1.6535. On Bank of England figures, the dollar's trade weighted index fell from 87.0 to 86.8. The move by Bankers Trust Bank in New York to cut its prime rate to 15 per cent from 15½ per cent came too late to affect trading in London, although market sources suggested that the dollar could react today by losing further ground. The Japanese yen continued to weaken on fears of oil supplies, with the U.S. dollar breaking the Y250 level for the first time in two years to finish at Y250.85 compared with Y249.10 on Friday.

Sterling showed a slightly weaker tendency overall, and this was reflected in its trade weighted index, which fell to 69.1 from 69.2, having stood at 69.1 at noon and 69.0 in the morning. Against the dollar it opened at $2.1500-2.1520 and touched initially to $2.1460-2.1475 before coming back on dollar weakness to around $2.1550. As the U.S. unit continued to weaken, the pound reached a high of $2.1615-2.1625, before closing at $2.1615-2.1625, a fall of just 5 points from Friday.

FRANKFURT—There was no intervention by the Bundesbank yesterday when the dollar was fixed lower at DM 1.7587, compared with Friday's level of DM 1.7625. Trading picked up after a quiet start, and the U.S. dollar retained a softish undertone in the light of current uncertainties over the situation in Iran. The Swiss franc continued to lose ground, with dealers attributing the weaker trend to the widening in differentials between Swiss and West German interest rates.

PARIS—The French franc was firmer against most currencies with the most notable exception being the Deutsche Mark, which rose to FFr 2.3485 from FFr 2.3465. The dollar was fixed lower at FFr 4.1257½ compared with FFr 4.1260, and the Belgian franc eased to FFr 14.4480 from FFr 14.4715 per BFr 100. The Dutch guilder fell at the fixing to FFr 2.1025 from FFr 2.1035 and the lira dipped to FFr 5.0140 from FFr 5.2060 per L1,000. The punt was weaker at FFr 8.6650 against FFr 8.6770 while outside the EMS, sterling fell to FFr 8.8790 from FFr 8.9385 and the Swiss franc was down at FFr 2.4867 from FFr 2.5065. Within the EMS, the French franc replaced the Danish krone as the most improved currency, based on central rates set in September. In later trading the dollar fell quite sharply to FFr 4.1085 on further developments in Iran.

ZURICH—The Deutsche Mark and the U.S. dollar both gained in terms of the Swiss franc in early trading, with the West German unit reaching its highest level this year at SwFr 94.27 per DM 100, compared with SwFr 93.88 on Friday. There was no clear indication of any central bank intervention although there may have been some smoothing operations in the forward market. The dollar rose to SwFr 1.6605 compared with SwFr 1.6595 earlier on.

MILAN—The dollar eased very slightly at the fixing against the lira to L822.70 from L822.80 on Friday, with the Bank of Italy selling around $22m. Sterling fell to L1,772.80 from L1,778.80, and the Swiss franc dipped to L496.5 from L497.60. Elsewhere EMS currencies showed a stronger tendency overall with the D-Mark rising to L463.85 from L466.95.

TOKYO—The dollar rose to Y249.675 compared with Thursday's close of Y248.375.

THE DOLLAR SPOT AND FORWARD

Nov. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1460-2.1630	2.1615-2.1625	0.55-0.45c pm	2.77	1.37-1.27 pm	2.44
Ireland†	2.0830-2.1095	2.1040-2.1090	0.80-0.60c pm	3.99	2.00-1.70 pm	3.51
Canada	1.1715-1.1741	1.1715-1.1721	par-0.03c dis	-0.15	0.13-0.18 dis	-0.39
Nethlnd.	1.9580-1.9685	1.9580-1.9610	0.13-0.03c pm	0.49	0.63-0.53 pm	1.18
Belgium	28.90-29.00	28.52-28.53½	0.2-1.2c dis	-0.29	0.5-2.5 dis	-0.21
Denmark	5.1800-5.2090	5.1905-5.1920	2.25-2.75ore dis	-5.78	4.25-4.75dis	-3.47
W. Ger.	1.7470-1.7630	1.7485-1.7495	0.77-0.67pf pm	4.94	2.15-2.02 pm	4.82
Portugal	50.10-50.25	50.10-50.20	15-35c dis	-5.50	45-80 dis	-4.86
Spain	66.25-66.45	66.25-66.30	15-35c dis	-4.53	80-105 dis	-5.58
Italy	822.00-823.25	822.10-822.60	0.40-0.90lire dis	-0.95	4.50-5.00dis	-2.31
Norway	4.9890-5.0145	4.9995-5.0005	0.50-0.25ore pm	0.80	2.75-2.00 pm	1.90
France	4.1070-4.1365	4.1105-4.1120	0.55-0.25c pm	0.58	0.35-0.20 pm	0.27
Sweden	4.2020-4.2145	4.2030-4.2040	0.35-0.15ore pm	0.71	0.85-0.65 pm	0.71
Japan	250.20-251.20	250.80-250.90	1.35-1.20y pm	6.10	3.90-3.75 pm	6.10
Austria	12.58-12.66½	12.585-12.595	5.80-5.10gro pm	5.15	15.50-13.00pm	5.48
Switz.	1.6490-1.6635	1.6510-1.6520	1.40-1.35c pm	9.99	3.95-3.90 pm	6.61

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1460-2.1630	2.1615-2.1625	0.55-0.45c pm	2.77	1.37-1.27 pm	2.44
Canada	2.5190-2.5355	2.5330-2.5340	0.58-0.48c pm	2.51	1.77-1.67 pm	2.72
Nethlnd.	4.21¼-4.24¼	4.22¼-4.23¼	1¼-½c pm	2.83	4½-3½ pm	3.42
Belgium	61.30-61.80	61.60-61.70	12-2c pm	1.36	35-25 pm	1.95
Denmark	11.15-11.21½	11.18¼-11.19¼	2½-4¼ore dis	-3.46	2¼-8¼ dis	-1.25
Ireland	1.0235-1.0290	1.0244-1.0254	0.06-0.16p dis	-1.17	0.23-0.33dis	-1.05
W. Ger.	3.76¾-3.80¾	3.78-3.79	2½-1½pf pm	7.53	7¼-6¼ pm	7.13
Portugal	107.40-108.50	108.30-108.50	par-80c dis	-4.43	par-100 dis	-1.84
Spain	142.35-143.65	143.20-143.30	100-150c dis	-10.47	80-180 dis	-3.63
Italy	1,764-1,779	1,777-1,778	3-1lire pm	1.35	1¼-¼ dis	0.17
Norway	10.77-10.81	10.79¼-10.80¼	3½-1½ore pm	2.50	11-9 pm	3.70
France	8.86-8.91	8.88¼-8.89¼	3¼-2¼c pm	3.71	9¾-8¾ pm	2.70
Sweden	9.04-9.09¼	9.07¼-9.08¼	2¼-½ore pm	2.31	11-8 pm	4.40
Japan	536-544	540-541	4.20-3.90y pm	8.96	11.65-11.35pm	8.48
Austria	27.15-27.33	27.20-27.25	22-12gro pm	7.49	60-50 pm	8.09
Switz.	3.55-3.58	3.56½-3.57½	3¼-2½c pm	10.92	10¼-9¼ pm	11.34

Belgian rate is for convertible francs. Financial franc 62.70-62.80. Six-month forward dollar 2.60-2.50c pm. 12-month 4.90-4.80c pm.

CURRENCY RATES

Nov. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.600542	0.651935
U.S. $	12	1.29717	1.40818
Canadian $	14	1.52598	1.65576
Austria Sch.	6¾	16.4545	17.8588
Belgian F	10	37.0893	40.2176
Danish K	11	6.79856	7.38183
D Mark	6	2.28626	2.48009
Guilder	8½	2.56163	2.76778
French Fr.	9½	5.36610	0.88141
Lira	19	—	1158.58
Yen	2¼	Unavail.	351.130
Norwgn. Kr.	7	6.51568	7.08138
Spanish Pts.	8	86.0517	93.3905
Swedish Kr.	8	5.45210	5.92743
Swiss Fr.	2	9.14486	8.36985

CURRENCY MOVEMENTS

Nov. 26	Bank of England Index	Morgan Guaranty changes %
Sterling	69.1	-35.6
U.S. dollar	86.8	-5.4
Canadian dollar	81.2	-12.6
Austrian schilling	157.8	+23.9
Belgian franc	113.2	+14.1
Danish kroner	115.6	+3.1
Deutsche mark	150.0	+47.4
Swiss franc	192.4	+76.1
Guilder	124.6	+16.3
French franc	108.4	-5.3
Lira	54.7	-50.0
Yen	113.8	+12.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Nov. 26	£	$		£ Note Rates
Argentina Peso	3341-3361	1545-1565	Austria	27.15-27.45
Australia Dollar	1.8775-1.9816	0.8160-0.8165	Belgium	62.35-62.85
Brazil Cruzeiro	68.15-68.15	31.50-32.00	Denmark	11.15-11.24
Finland Markka	8.13½-8.14½	3.7600-3.7620	France	8.87-8.94
Greek Drachma	80.740-82.578	37.45-37.60	Germany	3.78-3.81
Hong Kong Dollar	10.809-10.835	4.9275-4.9295	Italy	1760-1810
Iran Rial	n/a	n/a	Japan	536-544
Kuwait Dinar (KD)	0.523-0.603	0.2727-0.2788	Netherlands	4.21½-4.24½
Luxembourg Frc.	61.60-61.70	28.51-28.55	Norway	10.76-10.86
Malaysia Dollar	4.7190-4.7300	2.1805-2.1915	Portugal	107-113
New Zealand Dlr.	2.2245-2.2505	1.0300-1.0520	Spain	141½-146
Saudi Arab. Riyal	7.18-7.28	3.3590-3.3710	Switzerland	3.55½-3.59½
Singapore Dollar	4.7065-4.7180	2.1860-2.1870	United States	2.150-2.160
Sth. African Rand	1.7890-1.7810	0.8225-0.8290	Yugoslavia	45¾-47

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.2773	+1.08	+1.08	±1.53
Danish Krone	7.36594	7.32314	-0.58	-0.58	±1.635
German D-Mark	2.48557	2.47576	-0.39	-0.39	±1.125
French Franc	5.85522	5.81407	-0.70	-0.70	±1.3575
Dutch Guilder	2.74748	2.76558	+0.66	+0.66	±1.516
Irish Punt	0.669141	0.671270	+0.32	+0.32	±1.665
Italian Lira	1159.42	1160.84	+0.12	+0.12	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Nov. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.162	3.786	542.6	8.888	3.573	4.233	1778.	2.534	61.62
U.S. Dollar	0.463	1.	1.751	250.8	4.111	1.652	1.958	822.2	1.172	28.52
Deutschemark	0.264	0.571	1.	143.3	2.348	0.944	1.118	469.6	0.669	16.28
Japanese Yen 1,000	1.845	3.986	6.977	1000.	16.38	6.585	7.808	3276.	4.670	113.2
French Franc 10	1.125	2.436	4.252	610.4	10.	4.020	4.762	2000.	2.851	69.37
Swiss Franc	0.280	0.605	1.059	151.9	2.488	1.	1.185	497.6	0.708	17.26
Dutch Guilder	0.236	0.511	0.894	128.2	2.100	0.844	1.	420.0	0.599	14.57
Italian Lira 1,000	0.563	1.216	2.129	305.2	5.000	2.010	2.381	1000.	1.425	34.68
Canadian Dollar	0.395	0.853	1.494	214.1	3.508	1.410	1.671	701.0	1.	24.35
Belgian Franc 100	1.622	3.507	6.139	880.0	14.42	5.795	6.865	2885.	4.109	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 12.80-12.90 per cent; three months 13.80-13.90 per cent; six months 13.65-13.75 per cent; one year 12.85-12.95 per cent.

Nov. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10⅛-16⅝	11½-11¾	11¼-11⅝	12½-12¾	par-¼	8¾-8⅞	11⅞-12⅛	8-10	—	4⅜-8
7 days' notice	16-16¼	12⅛-16⅝	19¼-16¼	12⅛-16⅝	3⅝-3⅝	8⅞-8⅞	12¼-12½	11-13	16½-12⅝	6 7/16-7½
Month	16½-16¾	13⅝-13⅞	12⅝-13	12⅞-13⅛	3-3⅛	8⅞-8⅞	12⅝-12⅞	15-15	14⅛-14¼	7 7/16-7¾
Three months	16⅛-17⅛	13⅞-14⅛	13¼-13⅝	18¾-13	4⅛-4¼	9⅛-9 5/16	13 7/16-13 9/16	16¼-17¼	14 7/16-14 9/16	7 7/16-7 9/16
Six months	16⅝-16⅞	16⅞-14⅛	16⅛-13½	11 9/16-11 11/16	4 7/16-16 1/16	2⅞-8 13/16	13⅞-14⅛	15½-17⅛	14⅛-14¼	7 7/16-7⅞
One year	10⅝-10⅞	13-15¼	12½-18⅞	11-11¼	4⅞-5	8⅝-8 11/16	13 13/16-14 1/16	16½-17½	13⅛-18¼	6 13/16-7 1/16

Long-term Eurodollar two years 12¾-12⅞ per cent; three years 12 11/16-12 13/16 per cent; four years 11⅞-12⅞ per cent; five years 11⅞-12 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris rates ease

European rates showed little change yesterday, although Paris money eased to 11¾ per cent from 12 per cent, while Frankfurt call money was slightly firmer. Technical adjustments reflecting the comfortable position of the banks with regard to reserves, and continued market liquidity has led to an easier trend in day-to-day funds in France. At the same time the authorities have regularly supplied the market, buying FFr 4bn of first category paper last week at 12 per cent.

Yesterday the Bank of France auctioned FFr 2.4bn of four month Treasury bonds, which is likely to influence the level of interest rates for the rest of this week.

Fixed-period rates also declined yesterday, with one-month falling to 12⅜-12⅝ per cent, and three, six and 12-month to 12⅝-12¾ per cent from 12¾-12⅞ per cent.

FRANKFURT—Call money rose to 8.20-8.30 per cent from 7.90-8.00 per cent, but term rates were unchanged with one-month at 8.10-8.25 per cent; three-month at 9.40-9.60 per cent; six-month at 9.00-9.20 per cent; and 12-month at 8.70-8.80 per cent.

BRUSSELS—Interest rates were firm, with one-month rising to 14-14¼ per cent from 13¾-14 per cent, and three-month quoted at 14¼-14¾ per cent, compared with 14⅛-14⅜ per cent. Six-month and 12-month money were unchanged at 14-14¼ per cent and 13¾-13⅞ per cent respectively.

AMSTERDAM—Call money was unchanged at 12¾-13 per cent, one-month at 12¾-13¼ per cent, and three-month at 13-13½ per cent. Six-month was 11¾-12 per cent, compared with 11¾-12¼ per cent.

SINGAPORE—The Korea Exchange Bank raised its prime rate by ½ per cent to 9½ per cent, while the Royal Bank of Canada cut its prime rate to 9¾ per cent from 10 per cent.

HONG KONG—The money market was stable in the morning, but tighter in the afternoon. Call and overnight money were quoted at 9½ per cent.

GOLD

Firmer trend

Gold rose $2¾ an ounce in the London bullion market yesterday to $394¼-35¼. The metal opened at $392¼-393¼ and rose on genuine demand in fairly active trading, with a morning fix of $393.00 and an afternoon fixing level of $395.25.

In Paris the 12½-kilo bar was fixed at FFr 54,600 per kilo ($411.61 per ounce) compared with FFr 54,600 ($410.49) in the morning and FFr 54,550 ($410.22) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 22,285 per kilo ($393.50 per ounce) against DM 22,190 ($391.52) previously.

	November 26		November 23	
Gold Bullion (fine ounce)				
Close	$394¼-395¼	(£162¾-163.1)	$392-393	(£181-182)
Opening	$392¼-396¼	(£182.4-182¾)	$392-393	(£181-181½)
Morning fixing	$393.00	(£182.401)	$390.10	(£180.792)
Afternoon fixing	$395.25	(£182.834)	$392.00	(£181.356)
Gold Coins				
Krugerrand	$407½-408½	(£188½-189½)	$404½-405½	(£187-187¾)
Mapleleaf	$408-416	(£189½-192½)	$404-408	(£187-192)
New Sovereigns	$102-103	(£47½-48½)	$101-103	(£46¾-47¾)
King Sovs.	$111½-113	(£51¾-53¼)	$110-112	(£51-53)
Victoria Sovs.	$112½-114	(£52¼-53¾)	$112-114	(£52-54)
Fr 20 Napoleon	FFr405-413	(SFr123½-165½)	FFr400-410	(SFr161-163)
50 pesos Mexico	$462½-463½		$488-488	
100 Cor. Austria	$384-385		$381-384	
$20 Eagles	$500-503		$497-501	
$10 Eagles	$250-270		$257-272	
$5 Eagles	$220-245		$221-241	

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in adequate supply again in the London money market yesterday, and the authorities did not intervene for the fifth consecutive trading day.

Banks brought forward small surplus balances and the market was also helped by a small excess of Government disbursements over revenue payments to the Exchequer. On the other hand there was a small net take-up of Treasury bills to finance, and a small rise in the note circulation.

Discount houses paid 15½-15¾ per cent for secured call loans in the early part, and closing balances were taken at 15¾-16 per cent.

In the interbank market overnight loans opened at 15½-15¾ per cent., and ranged between 16 per cent and 16½ per cent before closing at 16 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 26 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-16½	—	—	—	16¼	15½-16	—	—	—
2 days notice	—	—	16¼-16⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16-16¼	16⅛-17	—	17¼	16½	15⅝-16⅛	—	—	—
One month	16 13/16-16 15/16	16 13/16-16 15/16	16¾-17	18¼-17¾	17 3/16	17⅛	16½	15⅞-15 15/16	16⅞-16 15/16	17½
Two months	16 15/16-16¾	16 13/16-16 15/16	—	18¼-18	17 3/16	—	16½	16-16 1/16	16 13/16-16⅞	17⅝
Three months	16 13/16-16 11/16	16⅞-17	16⅞-17	17⅝-17	17¼	17⅝	16½-16⅝	16⅛	16¾-16 13/16	17¼
Six months	16 13/16-16½	16⅝-16¾	16⅝-16¾	17-16⅛	17	—	—	—	15⅞-15 15/16	12¼
Nine months	12⅛-16	16 1/16-16 1/16	—	16⅝-16⅝	16⅝	—	—	—	—	—
One year	15¾-15 13/16	16⅝-15 15/16	16¾-16¾	16¼-16	16	—	—	—	—	—
Two years	—	—	12½-15⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15-15¾ per cent; four years 15-15¾ per cent; five years 15-15¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16½-16 9/16 per cent; four-month trade bills 16 13/16 per cent.

Approximate selling rates for one-month Treasury bills 15¾-15 13/16 per cent; two-months 15⅞-15 15/16 per cent; three-month 16 3/32-16⅛ per cent. Approximate rates for one-month bank bills 16¾-16 13/16 per cent; two-month 16 13/16-16¾ per cent; three months 16¾-16 13/16 per cent; one-month trade bills 17¼ per cent; two-months 17¼ per cent and three-months 17 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1237 per cent.

MONEY RATES

NEW YORK	
Prime Rate	15¾-15¾
Fed Funds	12¾-12½
Treasury Bills (13-week)	11.20
Treasury Bills (26-week)	11.30
GERMANY	
Discount Rate	6
Overnight Rate	9.25
One month	8.175
Three months	8.50
Six months	9.10
FRANCE	
Discount Rate	9.5
Overnight Rate	11.875
One month	12.3125
Three months	12.8125
Six months	12.8125
JAPAN	
Discount Rate	5.25
Call (Unconditional)	7.6875
Bills Discount (three-month)	8.375

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on November 26, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	86.00
Albania	Lek	10.00
Algeria	Dinar	8.2785
Andorra	French Franc / Spanish Peseta	8.8870 / 146.30
Angola	Kwanza	n/a
Antigua (S)	E. Caribbean $	5.83
Argentina	Ar. Peso Free Rate	3,351
Australia (S)	Australian $	1.9793
Austria	Schilling	27.225
Azores	Portug. Escudo	108.40
Bahamas (S)	Ba. Dollar	2.1620
Bahrain (S)	Dinar	0.811
Balearic Isles	Spa. Peseta	143.22
Bangladesh (S)	Taka	34.59
Barbados (S)	Barbados $††	4.5170
Belgium	B. Franc	(cm) 61.65 / (fn) 62.60
Belize	B $	4.3170
Benin	C.F.A. Franc	445.35
Bermuda (S)	Bda $	2.1620
Bhutan	Indian Rupee	17.45 (sg)
Bolivia	Bolivian Peso	46.17
Botswana (S)	Pula	1.7676
Brazil	Cruzeiro ◊	66.65
Brit. Virgin Islands (S)	U.S. $	2.1620
Brunei (S)	Brunei $	4.7660
Bulgaria	Lev	1.8145
Burma	Kyat	14.5905
Burundi	Burundi Franc	189.995
Cameroon Republic	C.F.A. Franc	445.55
Canada	Canadian $	2.5355
Canary Islands	Spanish Peseta	146.80
Cape Verde Isle	Cape V. Escudo	78.606
Cayman Islands (S)	Cay. Is. $	1.7990
Cent. Af. Republic	C.F.A. Franc	445.55
Chad	C.F.A. Franc	445.55
Chile	C. Peso	(bk) 83.70
China	Renminbi Yuan	3.5050
Colombia	C. Peso	(F) 85.15
Comoro Islands	C.F.A. Franc	443.35
Congo (Brazzaville)	C.F.A. Franc	445.35
Costa Rica	Colon	18.5250
Cuba	Cuban Peso	1.5943
Cyprus (S)	Cyprus £	0.759
Czechoslovakia	Koruna	(com) 11.20 / (n/c) 22.46 / (T) 19.60
Denmark	Danish Krone	11.1925
Djibouti	Fr.	385.00
Dominica (S)	E. Caribbean $	5.83
Dominican Repub	Dominican Peso	2.1620
Ecuador	Sucre	(O) 53.41 / (F) 58.63
Egypt	Egyptian £	(U) 1.5800
Equatorial Guinea	Peseta	143.25
Ethiopia	Ethiopian Birr	(P) 4.4750
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	11.1625
Fiji Islands	Fiji $	1.8485
Finland	Markka	8.14
France	French Franc	8.8873
French C'ty in Af*	C.F.A. Franc	445.35
French Guiana	Local Franc	8.8075
French Pacific Is.	C.F.P. Franc	162.95
Gabon	C.F.A. Franc	445.56
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.785
Germany (West)	Deutsche Mark	3.785
Ghana (S)	Cedi	6.86 (sg)
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	81.70
Greenland	Danish Kroner	11.1925
Grenada (S)	E. Caribbean $	5.83
Guadaloupe	Local Franc	8.9075
Guam	U.S. $	2.1620
Guatemala	Quetzal	2.1620
Guinea Republic	Sily	41.037
Guinea Bissau	Peso	73.130
Guyana (S)	Guyanese $	5.5040
Haiti	Gourd	10.790
Honduras Repub.	Lempira	4.5105
Hong Kong (S)	H.K. $	10.822
Hungary	Forint	(com) 77.30 / (T)(nc) 44.17
Iceland (S)	I. Krona	846.55
India (S)	Ind. Rupee	17.45 (sg)
Indonesia	Rupiah	1,344
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6390
Irish Republic (k)	Irish £	1.0246
Israel	Israel £	58.86
Italy	Lira	1777.5
Ivory Coast	C.F.A. Franc	445.35
Jamaica (S)	Jamaica Dollar	3.8560
Japan	Yen	542.5
Jordan (S)	Jordan Dinar	0.655
Kampuchea	Riel	2,590.2
Kenya (S)	Kenya Shilling	15.075
Kiribati	Australian $	1.9785
Korea (Nth)	Won	n/a
Korea (Sth)	Won	1,047.74
Kuwait (S)	Kuwait Dinar	0.598
Laos	Kip Pot Po	863.4
Lebanon	Lebanese £	7.4505
Lesotho	S. African Rand	1.7895
Liberia	Liberian $	2.1620
Libya	Libyan Dinar	0.6380
Liechtenstein	Swiss Franc	3.5785
Luxembourg	Lux Franc	61.65
Macao	Pataca	11.40
Madeira	Portug'se Escudo	108.40
Malagasy Republic	MG Franc	445.35
Malawi (S)	Kwacha	1.7852
Malaysia (S)	Ringgit	4.7245
Maldive Islands (S)	Mal Rupee	8.4830
Mali Republic	Mali Franc	888.75
Malta (S)	Maltese £	0.7595
Martinique	Local Franc	8.9075
Mauritania	Ouguiya	98.830
Mauritius (S)	M. Rupee	16.5208
Mexico	Mexican Peso	49.07
Miquelon	C.F.A. Franc	445.35
Monaco	French Franc	8.8875
Mongolia	Tugrik	n/a
Montserrat	E. Caribbean $	5.83
Morocco	Dirham	8.10
Mozambique	Moc. Escudo	66.880
Nauru	Australian Dollar	1.9785
Nepal	Nepalese Rupee	25.60
Netherlands	Guilder	4.2275
Netherland Antilles	Antillian Guilder	3.8850
New Hebrides	Franc / Aust. Dollar	8.14 / 1.9785
New Zealand (S)	N. Z. Dollar	2.2275
Nicaragua	Cordoba	21.47
Niger Republic	C.F.A. Franc	445.35
Nigeria (S)	Naira	1.265 (sg)
Norway	Norway Krone	10.7975
Oman Sultanate of (S)	Rial Omani	0.742
Pakistan	Pakistan Rupee	21.32
Panama	Balboa	2.1620
Papua N. Guinea (S)	Kina	1.5800
Paraguay	Guarani	268.01
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7370
Peru	Sol	(exc)(A) 526.27
Philippines	Philippine Peso	15.86
Pitcairn Islands (S)	£ Sterling / New Zealand $	1.0 / 2.2275
Poland	Zloty	(O) 60.00 / (T) 66.00
Portugal	Portug'se Escudo	108.40
Port Timor	Timor Escudo	108.40
Puerto Rico	U.S. $	2.1620
Qatar (S)	Qatar Ryal	7.99
Reunion Ile de la	French Franc	8.8875
Rhodesia	Rhodesian $	1.4370
Romania	Leu	(Cm) 9.67 / (nc)(T) 25.77
Rwanda	Rwanda Franc	192.58
St. Christopher (S)	E. Caribbean $	5.83
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.83
St. Pierre	C.F.A. Franc	445.35
St. Vincent (S)	E. Caribbean $	5.83
Salvador El	Colon	5.2740
Samoa American	U.S. $	2.1620
San Marino	Italian Lira	1,777.5
Sao To'e & Principe	Dobra	72.95
Saudi Arabia	Ryal	7.26
Senegal	C.F.A. Franc	445.66
Seychelles	S. Rupee	13.90
Sierra Leone (S)	Leone	2.2871
Singapore (S)	Singapore $	4.7197
Solomon Islands (S)	Solomon Is. $	1.2250
Somali Republic	Somali Shilling	(A) 16.00
South Africa (S)	Rand	1.7896
South West African Territories (S)	S. A. Rand	1.7895
Spain	Peseta	143.20
Spanish ports in North Africa	Peseta	143.20
Sri Lanka (S)	S. L. Rupee	33.50
Sudan Republic	Sudan £	n/a
Surinam	S. Guilder	3.8636
Swaziland (S)	Lilangeni	1.7896
Sweden	S. Krona	9.0825
Switzerland	Swiss Franc	3.5725
Syria	Syria £	(U) 8.4750
Taiwan	New Taiwan	(F) 77.70
Tanzania (S)	Tan. Shilling	17.85
Thailand	Baht	43.95
Togo Republic	C.F.A. Franc	445.35
Tonga Islands (S)	Pa'anga	1.9790
Trinidad (S)	Trinidad & Tob' $	5.1890
Tunisia	Tunisian Dinar	0.853
Turkey	Turkish Lira	106.66
Turks & Caicos	U.S. $	2.1620
Tuvalu	Australian $	1.9796
Uganda (S)	Uganda Shilling	16.00
United States	U.S. Dollar	2.1620
Uruguay	Uruguay Peso	(com) 17.94 / (fin) 17.86
Utd. Arab Emirates	U.A.E. Dirham	8.08
U.S.S.R.	Rouble	1.4080
Upper Volta	C.F.A. Franc	445.55
Vatican	Italian Lira	1,777.5
Venezuela	Bolivar	9.2190
Vietnam	Dong	(O) 4.70 / (T) 4.99
Virgin Islands U.S.	U.S. Dollar	2.1620
Western Samoa (S)	Samoan Tala	1.6840
Yemen	Ryal	9.71
Yugoslavia	New Y Dinar	41.4360
Zaire Republic	Zaire	4.440436
Zambia	Kwacha	1.60

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 50.85. Based on gross rates against Russian roubles. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF. (§) Based on gross rates against Russian rouble. ◊ Incentive rate.

A boost for Malaysia's tin producers

BY PHILIP BOWRING, recently in Kuala Lumpur

FAST EXPANDING Malaysian petroleum and palm oil production and high prices for most of the country's commodity exports, have meant that in recent years, Malaysia has been unruffled by the decline—both absolute and relative—in its tin industry. Lately, however, the Government has come around to the view that tin should not be allowed to sink under the weight of taxation. So, in the budget last month the Government gave the tin industry the biggest boost it has had in years.

Furthermore, Mr. Paul Leong, the Primary Industries Minister, who has pressed the Treasury hard for help for tin, is now working for incentives to encourage exploration for minerals other than tin, and also for non-alluvial tin, which currently accounts for a small part of Malaysia's tin output.

The tax boost for tin operates in two ways. In the first place, the structure of the sliding scale tin export duty has been changed to reduce the duty payable. On the basis of an average tin price of 1,750 ringgit a picul, the saving will be 152m ringgit (around (U.S.$70m) in a full year, compared with duties this year of 550m ringgit. Because of the progressive nature of the duty, the higher the tin price the lower will be the benefit, and vice versa. Thus at a tin price of 1,500 ringgit a picul, the saving will be 202 ringgit a picul in duty, falling to 118 ringgit at 1,800 ringgit and to 62 ringgit at 2,000 ringgit (the current tin price). The tax benefit is eliminated at price of 2,225 ringgit a picul. Above this point the new rate is higher than on the old scale. The new, more progressive, system has a higher top marginal rate, of 50 per cent, but the starting point is very much higher.

The tax change means there will be some incentive to start up new gravel pump operations and, perhaps more importantly, it will enable miners to use lower cut-off grades. These operations tend to be carried out by Malaysian Chinese and are often small and vulnerable to falls in metal prices.

Recovery

It is impossible to tell what impact the tax change will have on output in the short-term, but some sources suggest that combined with high market prices it could raise gravel pump production by at least 10 per cent in 1980.

Overall, tin production in the current year is expected to be up about 1,500 tons on 1978's 62,600 tons, making 1979 the second successive year of output recovery but leaving production well below 1972's record 75,000 tons.

For big and profitable miners, the duty concession is partly offset by an increase from 12.5 per cent to 15 per cent in the top rate of tin profits tax—the special tax payable on top of ordinary corporate profits tax. But it will add less than 10m ringgit to the approximate 200m ringgit the industry is paying in corporate and tin profits tax.

Apart from reducing overall tax, the package will transfer some of the tax burden to profits, from production. The aim is primarily to help the marginal mines, mostly the small gravel pump operations which account for some 55 per cent of production. For these the average costs of production—which are fuel intensive—are now around 1,500 ringgit a picul compared with around 1,000 ringgit for dredge operations. So under the old system, gravel pump mining was for many barely profitable even at the high prices tin has been enjoying in the past two years.

For the longer term, the most radical step in the Budget was the commitment to link all future export duties to costs of production. Initially, the base price for the duty has been set at 1,200 ringgits a picul—the estimated average production cost. The rate starts at 20 per cent and rises to a maximum of 50 per cent. The Government will, however, review the costs of production every quarter and make periodic adjustments in the base price.

With tin prices currently buoyant, the tax changes will bring only modest immediate benefit to the earnings of most of the quoted mining companies, but the change should be a major encouragement to future investment, as it will provide companies with considerable protection against a slump in the tin price. Hitherto, the tax structure has exacerbated price volatility for the producer. Meanwhile, earnings of existing mines will be the stronger.

Tax measures will, however, have a limited impact on output if there is not more co-operation from some of the Malaysian state governments. These control mining and land rights, need revenue and are often at loggerheads with the Federal authorities. Exploitation of the biggest tin find in many years, at Kuala Langat in Selangor, is held up by contention between the Selangor State Government and the majority state-owned Malaysian Mining Corporation (MMC). Squeezed in between is Charter Consolidated, which made the original find, and is the minority shareholder in MMC. Kuala Langat, is a rich but deep deposit which will need heavy investment.

The Selangor Government has made heavy demands on the tin companies for the renewal of leases. However, in Perak, the other main tin state, relations between the local government, mining companies and MMC, have run smoothly.

A major problem with known alluvial tin deposits is that they attract powerful local individuals and organisations looking for risk-free profits. But other extractive activity—apart from petroleum — in Malaysia is so limited that Mr. Leong hopes that a strong but attractive framework for exploration and exploitation can be established before valuable finds are made. He doubts if the necessary investment will be forthcoming until there is more incentive and more security.

The only minerals other than tin and petroleum that Malaysia currently produces are declining reserves of bauxite, copper and iron ore. Mr. Leong considers that there are good prospects for underground tin mining (at present there is only one underground mine), for finds of copper, lead and other metals in the Central Massif of peninsular Malaysia, and for coal and other minerals in the little prospected East Malaysia.

But to find and develop such deposits will require bigger risks, more capital and more skill than has generally been needed in the alluvial tin industry.

Mr. Leong has recently made it clear that he regards the 70 per cent local equity requirement for natural resource ventures to be the major barrier to mining development. The rule was laid down by the Government's Foreign Investment Committee, but is not central to the New Economic Policy which aims at reducing overall foreign equity ownership in Malaysia to 30 per cent by 1990.

Foreign equity

Mr. Leong would like to see a system whereby a bigger initial foreign equity was allowed which would be reduced over time and would enable a foreign investor to recover his outlay before becoming a minority equity holder. It is felt that local institutions do not have the risk capital—and certainly not the expertise—needed for the sort of projects Mr. Leong envisages. He regards an equity based contract system for mineral development as more suitable than that of production sharing used for oil, because of the volatility of most metals prices.

For a non-Malay Minister publicly to advocate dilution of an FIC guideline may be bold. But Mr. Leong probably expects support from Tunku Razaleigh Hamzah, the Finance Minister, and meanwhile Mr. Leong is pressing ahead with plans for a comprehensive national policy for minerals other than oil and alluvial tin, of which the equity issue would only be a part.

As important will be the evolving of a national policy towards land and minerals to which all the states will adhere. Uniform rules for prospecting and production rights are needed, including agreement on division of royalties between state and federal government. That is a possibility. In contrast with the dispute over tin, the states in 1975 agreed to accept 5 per cent gross oil revenue royalty.

At the more technical level, Malaysia should soon have a national mining code which will lay down uniform rules on such matters as mine safety. The code is more about procedures than principles, but it is another indication that a coherent policy towards mining is emerging.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Julian S. Hodge	18 %
A P Bank Ltd.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	14½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	London Mercantile	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Shenley Trust	19 %
C. E. Coates	17 %	Standard Chartered	17 %
Consolidated Credits	17 %	Trade Dev. Bank	17 %
Co-operative Bank	*17 %	Trustee Savings Bank	17 %
Corinthian Secs.	17 %	Twentieth Century Bk.	18 %
The Cyprus Popular Bk.	17 %	United Bank of Kuwait	17 %
Duncan Lawrie	17 %	Whiteaway Laidlaw	17½%
Eagil Trust	17 %	Williams & Glyn's	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

NORTH AMERICAN NEWS

Sharon Steel is victor in fight for UV Industries

BY DAVID LASCELLES IN NEW YORK

THE BIDDING WAR for UV Industries, the former metals and minerals group, which is in the process of going into liquidation, was won yesterday by Sharon Steel, the company headed by Mr. Victor Posner, the Miami businessman.

Sharon had bid $518m and agreed to take on UV's liabilities of $131m, most of it to be paid for with Sharon debentures. Sharon's bid topped the $449m offered earlier this month by Reliance Group, the insurance and leasing concerned headed by Mr. Saul Steinberg.

Reliance said yesterday from its New York headquarters that its agreement with UV had been terminated.

Sharon's victory ends a saga that began almost a year ago when UV Industries decided it would do better liquidating its assets than keeping going as a business. It had just sold one of its main subsidiaries and had about $500m in cash. Sharon Steel was already a major shareholder in the company, and Mr. Posner tried to halt the liquidation, presumably so that he could maintain some control over UV's cash hoard. But he was voted down.

Reliance then emerged as a bidding suitor, only to trigger a counter-bid by Sharon Steel.

Sharon's bid is worth $34 a share, $7 of which will be paid in cash, and the remainder in Sharon 20-year notes carrying 15.5 per cent interest for the first two years, and 13.5 per cent thereafter.

Since UV shareholders have already received an initial $18 per share pay-out, this brings the total liquidation value to $52 per share, somewhat more than first thought.

UV has already liquidated some of its assets. However, the vestiges that remain for Sharon include some coal mines and natural resources operations, and $306m in cash. Mr. Posner is now expected to use this money to make further acquisitions at a time when bank credit is expensive or hard to come by.

Heinz pays $45m for German group

By Ian Hargreaves in New York

H. J. HEINZ, the food manufacturer, has taken over a West German sauce and salads company as part of its expansion strategy in Europe. Heinz has paid $45m for the Mannheim-based Nadler-Werke, which will continue to trade under its existing name.

Heinz entered the West German market in 1970, when it established a sales subsidiary in Dusseldorf, but this failed to produce the growth the company was seeking.

Heinz Dusseldorf now has fewer than 50 employees, compared with the 1,300 of Nadler, which has 20 manufacturing and sales locations. The subsidiary will form Heinz's second largest continental European operation behind the Italian Plasmon subsidiary.

Nadler makes a wide range of delicatessen products. It was formed 53 years ago and is privately owned.

European investors seek stake in Flagship Banks

BY STEWART FLEMING IN NEW YORK

A GROUP of European investors is planning to take a 14 per cent stake in Flagship Banks, the fifth largest bank in Florida with assets of around $1.3bn.

But representatives of the European investors are refusing at present to disclose their identity or nationality. These details will have to be revealed when they file for approval of the transaction with the Federal Reserve Board. Certain Florida state regulatory approvals are also needed.

The investors have acquired an option to buy 1m shares of Flagship Banks from Mr. Frank Smathers Jr, former chairman of the bank who retired from the board during the summer. The price of the deal has not been disclosed but Flagship's shares are trading at around $11.

The investors representative in Florida, Mr. Edmound Russo, says that it is the intention of the investors to exercise the option assuming regulatory approvals are forthcoming.

Florida, particularly the Miami area where Flagship has its largest bank, is rapidly becoming an important international banking centre because of growing commercial links with Latin America. Several major U.S. banks have opened international offices there, including Morgan Guaranty Trust and Citibank, and so too have some European banks. Florida law, however, prevents foreign corporations from buying Florida banks, but foreign individuals are not banned and several local banks are owned by non-residents.

Flagship suffered losses in 1975 and 1976 when it was caught up in the property collapse in Florida. In the past two years its profits have recovered sharply and net income in 1978 was $20.4m.

LONE STAR INDUSTRIES

Solid growth seen in cement

BY IAN HARGREAVES IN NEW YORK

"CEMENT IS turning to gold." This is the message which Mr. Jim Stewart has been putting across to anyone who will listen in the United States investment community in the last year, and which he and his colleagues plan to whisper loudly on the London-Frankfurt circuit in the next six months.

Mr. Stewart's faith in his own alchemic prophecy was illustrated earlier this year when he pushed the sale of his company's non-cement activities through an initially doubtful board of directors.

The company is Lone Star Industries, a Connecticut-based group which Mr. Stewart has headed since 1972. He moved into the chairman's job two years earlier selling to Lone Star the group of builders' merchants and do-it-yourself stores he had pulled together from nothing over the previous decade.

Mr. Stewart is in London this week talking to analysts and is expected in Frankfurt in mid-week to begin the process for a share listing on the Frankfurt Stock Exchange.

The building centres are what Stewart has just sold for $152m in order to increase his spending power in acquiring smaller cement companies and to help fund an internal $300m programme of capital investment in the next four years. Lone Star is already the biggest cement company on the American continent.

"We just decided the opportunities for profit were greater in cement and that competition was going to increase in the building centres business," he says in a cut and dried manner which underplays the drama of the decision and the eyebrows it raised on Wall Street. Last year, the building centres division accounted for 40 per cent of Lone Star's $1.1bn sales.

Mr. Stewart believes that the U.S. cement industry is entering a period of 15 years continuous growth—something it has never previously experienced—and that Lone Star, cash permitting, is sitting pretty to take the pay off.

Unlike most U.S. companies, Lone Star is concentrating its spending power in one sector—cement—where it forecasts growth over 15 years

Mr. Stewart's own industry is far from excluded from the generally negative tone in the economy. Monthly house starts have been jittery and home loan interest rates have risen with other money costs, leading to widespread predictions of a very sticky year indeed for the construction industry in 1980.

Stewart and Lone Star refuse to be discouraged. They point out that Lone Star relies on the residential sector for only 22 per cent of its business—four to six points less than the industry average—and that in any case the underlying demographic trends, swelling the home buying 25 to 35 age group in the 1980s, favours the industry.

Furthermore, Mr. Stewart believes that the recession cannot hurt Lone Star in its non-residential work. If there is a serious slump next year, he says, the Government is bound to run up to the presidential election with a boost in public works programmes to control unemployment.

So, Lone Star is predicting a gradual increase in U.S. cement consumption from 80m tonnes this year to 86.6m tonnes in 1983.

The company is also confident that the sellers' market will not be disturbed by a sudden influx of new cement plant capacity. It has closely monitored planned capacity extensions and these suggest that by 1983 the rate of plant utilisation, now running at over 91 per cent, will not have changed.

In short, Lone Star sees itself entering a decade in which, Federal anti-trust sensitivities permitting, it can move up a league in terms of corporate size by extending its geographical spread and market share in the American cement industry.

The anti-trust consideration is important because Lone Star blames the Federal Trade Commission for blocking its attempts to take over smaller companies and thereby holding Lone Star to its present market share of around 8 per cent.

So, although Lone Star sees the promised land of solid domination of the cement industry before it, there are many difficulties to overcome and, in spite of impressive financial results this year, the company's stock price has been dull.

This is one reason why Mr. Stewart would like to attract the attentions of the European investment institutions before Lone Star's stock starts trading on the Frankfurt Stock Exchange next year.

By then Lone Star could also be interested in more operational links with the European cement industry, such as its joint operation in Brazil with Lafarge of France and its long-standing technical co-operation with Blue Circle of the UK.

The U.S. cement industry is, however, likely to prove curious to the European investor's eyes. It is an inbred industry, well supplied with domestic raw materials and protected from foreign competition by the expensive cost of transporting foreign cement to anywhere other than a seaboard location.

Even though countries like South Korea have made huge investments in cement capacity in recent years, the U.S. remains the second or third largest cement producer in the world behind Russia and possibly Japan.

So Lone Star is doing well, in spite of soaring fuel costs, and is confident of securing price increases of between 9 and 14 per cent according to region.

Current price ranges between $22 a ton in areas of liberal supply to $60 a ton in Seattle, which relies on Japanese cement shipped in by Lone Star.

Not surprisingly, the company's earnings are looking good. Third quarter income on continuing operations this year rose 88 per cent to $23.9m compared with the same period of 1978. Sales for the first nine months were up 23 per cent at $570m and earnings up 82 per cent at $39.7m.

So Mr. Stewart is not easy to unsettle with criticism about having all of Lone Star's eggs in one basket and he scoffs at the suggestion that Lone Star might have to think of rediversification as the cement cycle turns during the next decade. "If our plants are going to last 25 years in our forecasting. We're staying with cement and related products," he says.

Brazil's debts to near $50bn by year-end

By Hugh O'Shaughnessy

BRAZIL'S FOREIGN debt will approach $50bn by the end of this year, and the monetary authorities will be examining all possibilities of borrowing in the international markets. This was stated by Sr. Karlos Rischbieter, the Brazilian Finance Minister, yesterday at the signing in London of a $1.2bn syndicated loan agreement.

By maintaining that foreign debt would not exceed $50bn in 1979, the Minister implicitly denied reports that the debt total would be around $52bn at the year end. At the same time, his remarks fuel speculation that Brazil will be borrowing aggressively to finance current imports, particularly oil imports, the bill for which this year may touch $7bn. Domestic petrol prices yesterday were raised 50 per cent in Brazil in an effort to cut back consumption and imports.

Without making direct reference to the events in Iran, Sr. Rischbieter extolled the comparative stability of the situation in Brazil. "What we are doing here is to affirm the validity of our own institutions and the viability of rational endeavours in the face of previously unknown difficulties," he remarked.

Officials state that the loan is ot be spent principally on Brazil's alcohol-from-sugar-programme, under which it is hoped by 1985 to be producing 10.7bn litres of alcohol, saving 170,000 barrels a day of imported oil. By 1985, it is planned that 1.7m cars will be running solely on alcohol.

The interest rate on the $1.2bn is ⅝ per cent per annum over Libor during the first four years of the loan and ¾ per cent over Libor for the remaining eight years. There is a six-year grace period. There were 24 lead managers. This is the first time the Brazilian Government has been in the international financial market in its own name for 15 years.

U.S. company spending likely to slow down

By Our New York Correspondent

CAPITAL expenditures and appropriations by major U.S. companies will slow sharply next year, according to the results of a survey by the U.S. business research organisation, the Conference Board.

Capital appropriations are authorisations to spend money in the future while expenditures are actual outlays for new plant and equipment.

The Conference Board says that capital spending by the 1,000 largest manufacturing companies in the U.S. will advance 20-25 per cent in 1979 compared with 1978, the largest jump since 1974.

It adds that appropriations have been rising too with third quarter appropriations 7 per cent above the second quarter level, although the increase was due entirely to a 34 per cent boost by the petroleum industry.

But the Conference Board points out that a slowdown ahead in both appropriations and spending seems likely, reflecting the developing weakness in the economy and the generally brisk pace of appropriations over the past few years. Capital spending is likely to rise next year too, but the gain will be only half the 20 per cent plus rise which will be recorded this year, the Board projects.

Gains continue in dollar and DM sectors

BY FRANCIS GHILES

PRICES OF dollar-denominated bonds recorded further gains yesterday while in the Deutsche-Mark sector of the market foreign D-Mark bonds again moved up sharply. The ripples of the Iranian situation are being felt and a number of German banks said that evidence that Eastern European and some African Central banks were switching some of the dollars they hold on deposit into Deutsche-Marks was building up.

In the dollar sector, short-term interest rates on three- and six-month deposits fell by half a point on the day to 14¼-14¾ per cent. News that Bankers Trust was cutting its prime rate by ½ per cent to 15½ per cent came late in the afternoon while the New York bond market opened on a firm note, all of which suggests that further price gains may be recorded today.

Another factor helping to push down Euro-dollar rates is the large amount of liquidity offered to banks by depositors, usually for two- to four-week periods. Despite banks discouraging such deposits by offering depositors rates below those generally quoted, the flood continues.

Most of the buying of straight dollar bonds was concentrated at the longer end of the maturity range, though dealers reported a growing number of inquiries about shorter dated paper.

In the Deutsche-Mark sector, all the recent bond offerings are keenly sought by investors. The recent issues for Norges Kommunalbank and Oesterreichische Kontrollbank—both priced at par last week—were trading at around 101 while the bond for Nederlandse Gasunie, priced last Friday at 100½, was quoted at 100½-101¼.

A new issue, a DM 100m eight-year private placement for Caisse Nationale des Telecommunications, was launched over the weekend by Westdeutsche Landesbank. This issue, which carries a coupon of 7¾ per cent and has been priced at 99½, yields 7.86 per cent, the lowest rate seen in this sector for six weeks. In pre-market trading yesterday it was quoted at around par.

Demand for Deutsche-Mark bonds, foreign and domestic, is widespread. Some central banks are said to be diversifying their holdings out of dollar paper in the wake of the U.S. decision to freeze Iranian assets the week before last.

Swiss franc bonds, in sharp contrast, shed about half a point on the day, thus confirming the fear of many Swiss bankers that the rise in yields on foreign Swiss franc bonds witnessed in the past four weeks does not provide a solid enough base from which to attract investors. The latest public offering, for Tauern Kraftwerke, offers a return of .2 per cent.

In the unit of account sector, Kredietbank International Group will offer a UA40m public issue which carries an indicated coupon of 9½ per cent and matures in 1994. The bonds have an average life of 11 years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	89⅞	90⅞	+1⅛	+1¼	11.75
Alex Howden XW 9½ 91	30	77	79	0	+1	13.31
Australian Res. 9⅞ 84	30	92	92½	+0⅛	+0⅛	11.84
Avco O/S Cap. 10¾ 87	40	83½	84½	−0⅛	−0⅛	13.81
Beneficial Fin. 9¾ 87	100	90¼	90¾	+0⅛	+0⅛	11.67
CECA 10¾ 91	150	87¼	87¾	+0⅛	+0⅛	12.85
CECA 9¾ 99	125	80½	81	+0⅛	+0⅛	12.78
Canadian Pacific 9¾ 89	50	89⅞	90⅜	+0⅛	+0⅛	11.54
Carter Hawley 9¾ 86	50	89⅞	90⅜	+0¼	+0⅛	11.97
Comalco Inv. E. 10¼ 91	40	89¾	89¾	+0⅛	+0⅛	11.94
Continental Grp. 9½ 86	100	90⅜	90⅞	+0⅛	+0½	11.71
Dome Petroleum 10 94	50	87	87½	+0½	+0⅛	11.86
Dominion Bridge 10¼ 84	30	93½	94	+0½	+0½	12.07
Dow Chem. O/S 9¾ 94	200	87	87½	+0⅛	+0⅛	11.47
EIB 9⅞ 87	150	91⅛	91⅞	+0⅛	0	11.94
EIB 10 99	150	87¾	88¼	+0½	−1⅛	11.90
EIB 10¾ 87	100	92¾	92⅞	+0⅛	−0⅛	12.01
EIB 10.15 99	100	88⅞	89½	+0⅞	−1⅛	11.90
Export Dv. Cpn. 9¼ 94	100	91⅜	92¼	+0⅛	+0⅛	11.71
Export Dv. Cpn. 9⅞ 84	150	92⅞	93⅜	+0½	+0⅛	11.18
Finland 9⅞ 86	100	87¾	88¼	+0⅛	+0⅛	12.13
GTE Finance 9½ 84	50	92⅞	93⅜	+0⅛	+1⅛	11.80
GTE Finance 9¾ 89	55	88⅛	88⅝	+0⅛	+1	11.82
GMAC 9¾ 86	100	90	90½	+0⅛	+0⅛	11.42
Gould Int. Fin. 9¾ 85	50	92	92½	+0⅛	+0⅛	11.78
Hudson Bay Co. 10 94	50	90⅝	91⅛	+0⅛	+0⅛	11.31
ITT Antilles 9½ 86	75	86⅜	86⅞	+0¼	0	11.91
Kennecott Int. 9½ 86	100	87⅛	87⅝	+0⅛	+0⅛	12.36
Manitoba 9½ 89	75	87⅞	88⅜	+0⅛	+0⅛	11.94
Michelin 10 94	125	88⅞	87⅜	+0⅛	+0⅛	11.87
Nat. Gas. Telecm. 9½ 86	100	90⅝	91⅛	+0⅛	+0½	11.56
New Brunswick 9½ 94	75	88⅛	88⅝	+0⅛	+0⅛	11.75
Newfoundland 10 94	50	89¾	90¼	+0½	+0⅛	11.44
Norges Komm. 9⅞ 99	100	87⅛	88	+0⅛	+0⅛	11.76
Norway 9½ 84	150	92⅜	92⅞	+0⅛	+0⅛	11.69
Nova Scotia Pwr. 9¾ 89	50	88⅞	89⅜	+0⅛	+0½	11.73
Occidental Fin. 10⅛ 84	50	94⅛	94⅝	+0⅛	+0⅛	11.89
Orient Leasing 9½ 86	25	88¼	88¾	+0⅛	+0⅛	12.10
Pennwalt O/S F. 9¾ 84	25	92½	93	+0⅛	+1⅛	11.88
Pepsico Cap. 9¼ 84	100	92⅝	93⅛	+0½	+0⅛	11.42
Quebec Hydro 10 99	75	88½	89	+0⅛	−0⅛	11.45
Sears Roebuck 9 82	150	93⅞	94⅜	+0½	+0⅛	12.13
Statoil 9⅞ 89	100	89	89½	+0½	+0½	11.50
Sweden 9¾ 89	100	88⅛	88⅝	+0⅛	0	11.84
Sweden 9½ 86	200	90⅜	90⅞	+0⅛	0	12.02
Sweden 9¾ 84	100	93	93½	+0⅛	+0½	11.66
Unilever NV 9¼ 87	100	88	89½	+0⅛	+0⅛	11.41
Warner-Lambert 9 84	100	92	92½	+0½	+0⅛	11.22

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97⅞	98⅜	+0⅛	+0⅛	8.31
Argentina 7½ 89	150	92½	93¼	+0¼	−0⅛	8.82
Asian Dev. Bk. 7¾ 89	100	93½	94	+0½	+1¼	8.20
Banco Desarrollo 7¾ 86	100	94	94⅜	+0⅛	+0⅞	8.43
Barclays O'seas 6¾ 89	100	91⅜	92⅜	+0¼	+1¼	7.96
Brazil 8 87	150	96½	97¼	−0⅛	+1⅛	8.56
CECA 7 91	150	93¾	94½	+0⅛	+2½	7.79
Council of Eur. 7¾ 89	100	96⅜	97⅜	+0⅛	+0⅛	7.74
Denmark 6½ 89	100	87⅜	88½	+0⅛	+0⅛	8.47
EEC 7⅞ 94	225	97⅞	98⅞	0	+0⅛	8.12
EIB 7½ 86	200	98⅜	99⅜	+0⅛	+2⅜	7.60
Eletrobras-Brazil 7 87	100	93	93½	+0⅛	+0⅛	8.28
Eurofima 6½ 89	100	96⅜	96⅞	+0⅛	+0⅛	7.16
Kobe, City of 7⅛ 89	150	96⅜	97⅛	−0⅛	+1	7.58
Mitsubishi Chem. 6½ 84	70	96⅛	96⅝	−0⅛	0	7.65
New Zealand 7⅞ 87	200	96¾	97¼	−0⅛	+0⅛	7.64
Nippon Kokan 6⅞ 94	100	94⅛	95⅜	+0⅛	+0⅛	7.96
Nippon Tel. & T. 5½ 87	100	87¾	89	+0¼	+0⅞	7.81
Norges Komm. 7¾ 91	150	99⅞	100⅜	+0⅛	+1⅛	7.71
Norway 6¾ 84	200	96⅜	97½	+0⅛	+2	7.03
OKB 6 87	40	88½	89½	+1	+1½	8.07
OKB 7¾ 86	100	95⅞	96⅜	0	+0⅛	7.93
Tokyo Elec. Pwr. 6½ 85	200	96⅛	96⅜	+0⅛	+3	7.47
World Bank 7¾ 91	400	97⅞	98⅜	+0¼	+1⅛	7.98

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	98	98½	0	+0⅛	5.74
Aumar 6 86	80	94	94½	−1⅛	−3½	5.79
Australia 3⅞ 86	250	92⅜	92⅝	−0⅛	−0⅛	4.63
Bergen, City of 4¾ 91	40	96½	87	−0¼	−1⅛	8.12
BNOE 5 89	75	89½	89¾	−0¼	−0⅛	6.47
BMW Overseas 4⅞ 91	100	96⅛	96⅜	0	−0⅛	4.87
Caisse Nat. Tele. 4⅞ 89	100	97⅞	98⅜	−0½	0	4.82
Canada 3⅞ 89	300	92½	92⅝	+0⅛	+0⅛	4.83
Copenhagen 4½ 81	60	96⅛	96	0	−0⅞	4.98
Council of Eur. 5 89	100	97⅞	98⅜	—	—	5.26
EIB 4½ 91	100	94⅜	95½	0	−1⅛	5.06
EIB 4¾ 94	100	90	90½	−0⅛	−0⅛	5.35
Elec. da France 4⅜ 89	100	96⅞	97⅛	−0⅛	−1¼	4.75
GZR 4¼ 89	100	91⅜	91⅝	−0⅛	−1⅛	5.38
Hilti 4½ 91	35	98⅜	98⅝	−0⅛	−0¼	4.41
ICI Fin. NV 3½ 94	230	82	82½	−2½	−5	5.30
Int.-Amer. Dev. 4½ 86	100	93⅜	93⅞	0	−0⅛	5.34
Malaysia 5 89	80	89⅜	90	−0⅛	−1⅛	8.41
Nippon Tel. & T. 4¼ 89	100	87	87¼	−0¼	−0⅛	4.82
Nordic Bank 6 89	45	99⅜	100	−0⅛	−0⅛	5.01
Norges Komm. 4⅜ 91	100	93⅛	93⅜	−0⅛	−0⅛	5.15
OKB 3¾ 91	100	84⅞	85½	−0⅛	−1⅛	5.55
OKB 4⅜ 91	100	90⅜	91	−0⅞	−1½	5.44
Oslo, City of 4⅜ 81	100	92	92¼	−0⅛	−0⅛	6.28
Shikoku El. Pwr. 4⅜ 89	100	97⅜	98⅛	−0⅛	−0⅛	5.01
Spain 4 91	100	92	92¼	−0½	−0⅛	4.92
Sweden 4⅝ 91	60	98¼	98⅞	−0½	−0⅛	4.93
Voest-Alpine 4⅝ 86	90	99⅜	100	−0⅛	−0⅛	4.76
World Bank 4⅜ 89	100	87	97½	−1⅛	−1⅛	4.89
World Bank 4⅜ 89	150	93⅜	93⅞	−1⅛	−2⅛	5.22
World Bank 4⅞ 91	100	93⅛	94⅛	−0⅛	−0½	5.33

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	88½	89½	−0⅛	+0⅛	9.11
Australia 6½ 88	20	84⅞	85⅞	0	−0⅛	8.09
EIB 7⅜ 89	12	97⅜	98⅜	0	0	8.05
Finland 6.6 83	10	87⅜	88⅜	0	−0⅛	9.36
Finland 6.8 88	10	97⅞	98⅜	0	0	8.86

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¾ 86 C$	25	87½	88	+0½	−0½	13.74
Bell Canada 10¾ 86 C$	60	92¼	92¾	0	0	12.42
Cr. Foncier 10⅛ 84 C$	30	88⅜	89⅜	−0⅛	−0½	13.61
Ex. Dev. Cpn. 10 84 C$	50	81¾	91¾	+0½	+0⅛	12.55
Fst. Can. Inv. 10 84 C$	50	90⅝	91⅛	+0½	−0½	12.76
Hudson Bay 10½ 89 C$	60	89⅜	88⅞	+0⅛	−0¼	12.40
Quebec 10⅞ 86 C$	50	89⅛	89⅞	+0⅛	0	12.71
R. Bk. Canada 10 86 C$	40	89⅜	90⅛	+0⅛	+0¼	12.33
R. Bk. Canada 10 94 C$	40	84½	84⅞	+0⅛	−0⅛	12.30
Copenhagen 8¼ 81 EUA	25	94¼	95½	0	−0⅞	8.97
Copenhagen 8½ 91 EUA	20	100⅜	101⅜	+0⅛	+0⅞	8.60
SOFTE 9¾ 89 EUA	40	90⅝	91⅞	−0⅛	−0¼	8.70
Algemene Bk. 8⅝ 84 Fl	75	96⅝	97¼	+0⅛	−0⅛	8.07
Amev 8½ 86 Fl	75	97	97½	+0⅛	−0⅛	8.05
Ned Middbk. 8⅞ 84 Fl	75	96	96½	0	0	8.31
Norway 8¼ 84 Fl	100	95⅞	96⅜	+0⅛	−0⅛	8.36
Norway 8⅝ 84 Fl	100	96⅞	96⅞	+0⅛	−0⅛	8.13
Rabobank 9 84 Fl	25	99⅞	100⅜	−0⅛	−0⅛	8.96
Air France 11 84 FFr	120	98	98¾	0	+0¼	11.43
Euratom 9¾ 87 FFr	150	85½	86⅜	+0⅛	+0¼	12.69
Finland 11 84 FFr	80	88	87	0	−0⅛	11.87
Finland 11½ 86 FFr	70	95	96	0	−0¼	12.30
Gaz de France 11 84 FFr	150	96⅞	97⅞	−0⅛	+0¼	11.72
Norway 9¾ 94 FFr	200	89½	90½	+0⅛	0	12.40
PSA Peugeot 9¾ 87 FFr	175	85½	86½	+0⅛	+0⅞	12.83
Renault 9¾ 85 FFr	100	88⅞	89⅞	+0¼	+1⅛	12.46
Saint-Gobain 9¾ 86 FFr	130	86⅝	87¼	+0⅛	+0⅛	12.85
Solvay et Cie 9¾ 87 FFr	125	85⅜	86⅜	−0⅛	+0¼	12.78
Total Oil 9⅜ 87 FFr	150	83⅜	84⅜	−0⅛	+0½	12.79
Citicorp 10 93 £	20	82⅞	83⅝	+0⅛	+0⅞	12.64
EIB 9¾ 88 £	25	78	78⅜	0	+0¼	14.38
EIB 11½ 91 £	25	83⅜	84½	−0⅛	−0⅜	14.44
Finance for Ind. 13 91 £	15	90½	91⅜	0	+0⅞	14.66
Fin. for Ind. 12½ 89 £	30	89⅛	88⅞	−0⅛	+0⅛	14.56
Gen. Elec. Co. 12½ 89 £	50	50	90⅝	+0⅛	−0⅛	14.41
Indonesia 9¾ 91 KD	7	†93⅜	94½	0	−0⅛	8.83
Mitsubishi 7½ 94 KD	10	†95¼	95¾	0	0	8.89
Norges Kom. 7½ 86 KD	12	†93⅜	93⅜	0	0	8.52
Occidental 8¾ 81 KD	7	†91⅞	92⅜	0	0	9.39
Akzo 9¾ 87 LuxFr	500	95⅞	96⅞	−0⅛	−0⅛	9.93
Euratom 8 87 LuxFr	500	90⅜	91⅛	−0⅛	−0⅛	8.79
Norges Kom. 8 86 LuxFr	500	90⅜	91⅞	+0½	+0⅛	8.80
Oslo, City of 8 89 LuxFr	500	90⅛	91⅜	0	+0¼	8.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 6 87	0¼	98⅜	100⅛	26/4	15⅝	19.77
Banco Prov. BA 7¾ 86	0¼	97⅞	98⅜	12/12	11	11.21
Banco Urquijo 6 88	0⅛	97¼	97⅞	21/3	13⅜	13.74
Bank of Ireland 5¾ 89	0⅛	87½	98	21/2	15.69	18.05
Bank of Tokyo 5⅝ 89	0¼	96⅝	98⅜	25/1	18.18	18.46
Bergen Bk. A/S 6 88	0¼	97⅞	97⅞	29/2	[illegible]	[illegible]
Bque. Indo Suez 5¼ 89	0⅛	98	98⅜	11/1	11	11.20
BNP 5½ 91	0¼	87	97⅜	22/2	11.94	12.28
Citicorp O/S F. 6 94	‡0¼	99⅜	99⅝	8/12	12.81	12.89
Citicorp O/S 89	§‡0	98⅝	99⅝	23/2	15⅛	15.20
Co-operative Bk. 6 86	0⅛	97⅜	98⅛	15/5	15.06	15.37
Creditanstalt 5½ 91	§‡0¼	98	98½	14/12	12.94	13.17
CNT 5¼ 86	§0¼	98	99½	18/4	15.18	15.30
GZB 5½ 86	‡0¼	98⅞	99⅜	1/2	16.19	18.33
Jugobanka 8 89	0⅛	94½	95	23/5	18	16.89
LTCB Japan 5½ 89	0¼	98½	98	7/12	11⅜	11.27
Mfrs. Han. O/S 5¼ 94	‡0⅛	98⅛	99⅜	30/11	12.56	12.64
Nacional Fin. 6¾ 88	0⅛	96½	97	25/1	11½	11.89
Nat. West. 5½ 94	§0¼	97⅜	98¼	11/1	14.94	15.24
Nippon Cred. Bk. 6½ 86	0⅛	96⅞	97⅜	12/1	10⅞	11.20
Royal Bk. Scot. 5¼ 84	§‡0¼	98½	99	11/1	14.94	15.13
Soc. G. de Bque. 0⅛ 87	0⅛	96⅛	97⅛	3/4	13⅜	13.86
Sogenal 5¾ 89	§0¼	96⅛	96⅞	11/1	10.81	11.18
Sweden 9¾ 81	‡0¼	87¼	97⅜	18/1	15	15.38
TVO Pwr. 8 91 (O-lock)	0⅛	96⅞	97⅛	24/5	15.31	15.77
Utd. Overseas Bk. 8 89	‡0¼	97⅜	97⅜	29/12	12.94	13.28
Williams & Glyn 5¼ 91	0⅛	97½	98	14/3	18	13.30
Bq. E. d'Alg. 4¾ 89 8F	0⅛	†94½	96⅛	18/12	4⅞	4.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	92	93¾	−0⅛	−6.91
Alco Int. Fin. 9½ 94	1/80	40	93¾	94¾	−0¼	17.18
Asahi Optical 7 94	11/79	605	94⅝	85⅜	−0⅛	5.72
Canon 6¾ 94	8/79	570	95	98	−0⅛	−0.87
Ciba-Geigy O/S F. 4 94	9/79	675	97⅛	89	−0¼	2.84
Credit Suisse 4¾ 93	10/79	1325	100⅞	102⅜	−0¼	1.77
Daiei Inc. 6½ 94	11/79	1020	94⅞	95⅞	−0⅛	11.00
Esselte 7¾ 89	8/79	159	93⅜	94⅜	+0⅛	0.42
Honda Motor 5½ 89	5/79	532	98	100½	−1	−2.20
LPC Internatnl. 6 89	9/79	35	97¼	98½	+3⅛	3.81
Meidensha Elec. 7 94	12/79	210	90⅜	91⅜	0	36.77
Mitsubishi Cp. 6½ 94	10/79	604	133⅜	134⅛	+4⅛	7.97
Nippon Seiko 7¾ 94	12/79	339	†88	87	+1½	13.79
Nitto Elec. Ind. 8 94	7/79	735	79⅜	80½	+0¼	21.89
Toshiba Cpn. 7¾ 94	10/79	198	92⅞	93⅝	+0⅛	27.18
Union Bk. Switz. 5 89	2/80	125	103⅜	104⅞	+0⅛	4.54
Fujitsu 5 84 DM	7/79	475	95⅛	96⅛	+1⅛	91.38
Kansai Elec. 4 94 DM	4/79	1234	89⅜	89½	−0⅛	74.82
Tokyo Elec. 3½ 87 DM	4/79	476	98	98⅜	+0⅛	168.78
Tokyu Ld. Cp. 4 86 DM	4/79	493	78⅞	79⅜	0	65.23
Uny Co. 6½ 88 DM	11/79	1071	97¼	98⅜	+0¼	29.42

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Swiss engineer expects standstill

By John Wicks in Zurich

THE SWISS engineering group, Sulzer Brothers, of Winterthur, expects no improvements in its financial results this year, according to a prospectus introducing the company's new SwFr 100 bond issue. In 1978 group operating profits had dropped from SwFr 84m to SwFr 45m ($27.27m).

Sulzer reports pressure on the prices of contracts billed in 1979, as well as insufficient utilisation on the part of individual production units. The international economic environment for group activities has shown no marked improvement since the last annual general meeting in May.

Turnover at the end of September was down on the corresponding 1978 level, although the volume of work in hand was higher. Over the first three quarters the value of new orders received by group companies was up to SwFr 2.5bn, compared with SwFr 2.3bo for the same period of 1978.

In the light of unsteady capital-market conditions, Union Bank of Switzerland (Zurich) has reduced from 14 to 12 years the maturity of its SwFr 100m bon dissue open for subscription from November 27 until December 3. Premature redemption will be possible from 1987 onwards, instead of 1988. be coupon remains unchanged at 4½ per cent.

Bayer lifts nine-month profits

BY KEVIN DONE IN FRANKFURT

THE West German Bayer group, the second largest chemicals company in Europe, lifted its pre-tax profits by 43.5 per cent in the first nine months of the year.

Group sales rose by 14 per cent to DM19.7bn ($11.2bn), while profits jumped to DM 1.17bn ($665m) compared with DM816m in the same period last year.

Bayer's much improved performance has been mirrored in other parts of the West German chemicals industry—its biggest rival, Hoechst, last week announced a 49 per cent increase in pre-tax profits and a 9.7 per cent increase in sales.

The Bayer group owes its higher profits largely to improved sales volumes, which bave allowed it to operate its plants at much higher capacities. On average, in the first nine months plants have been working at up to 85 per cent of capacity compared with only 75 per cent in 1978.

Bayer admitted that its forecasts for 1979 had been far too pessimistic. Economic recovery in Europe had been stronger than expected and the effects of a downturn in the U.S. economy were only now being felt.

Sales of the Bayer AG parent company in the first nine months of the year rose by nearly 15 per cent to DM8.67bn. Exports rose by almost 20 per cent, while home market sales were up by only 7.6 per cent. Export demand was particularly strong in Europe and Latin America.

The higher sales figures are due more to increased sales volumes than to higher prices. Bayer said that on average its prices had risen by only 2 per cent compared with the first nine months of 1978. Further price rises were inevitable if the company was to recover higher raw materials and energy costs.

Prices have already risen sharply, however, for prodncts dependent on petrochemicals. Despite the price rises, demand has been strongest in this sector, as customers have built up stocks as a hedge against future cutbacks in supplies.

The increase in demand was less marked in sectors such as pharmaceuticals (up by 6 per cent) and pesticides (up by 10 per cent), and Bayer is still suffering losses on its fibre operations.

The increase in Bayer's total world sales is again understated as a result of movements in exchange rates. Sales by its 20 largest foreign subsidiaries rose by 27 per cent in the first nine months of the year measured in the local currencies, but by only 13 per cent when converted into Deutsche Marks.

Professor Herbert Grunewald, Bayer's chief executive, said that the dividend this year would be higher than in 1978 (DM6 per DM50 share). He was also optimistic about prospects in 1980.

A sales increase of 5-6 per cent was expected. The volume increase would be slight, but the level of demand would still allow plants to be run at high capacity.

Professor Grunewald said that Bayer's U.S. subsidiaries were expected to develop in 1980 above the average rate for the rest of the company, despite fears about the weakness of general U.S. economic growth.

Capital investment in 1979 will total about DM2bn, of which some 40 per cent will be spent outside Germany. The total in 1980 is likely to rise to some DM2.5bn.

Bayer confirmed that it is still seeking a site in the UK to develop as a new European manufacturing base. No final decisions have yet been taken, but it is expected that during the early 1980s Bayer will establish a site to manufacture iron oxide for making inorganic pigments. The site could be developed at a later date for producing polyurethane and agrochemicals.

Philips calls talks on TV sector problems

BY CHARLES BATCHELOR IN AMSTERDAM

PROBLEMS are piling up for Philips, the Dutch electrical group, in the television sector. Following the company's warning earlier this month that poor colour television sales might force it to introduce short-time working at its European factories, it has now given priority to the problems of four plants in the Netherlands.

The factories, which make television tubes and related components, face production and sales problems, Philips said. It has invited the unions and works councils at the plants, at which nearly 4,200 people are employed, for talks in mid-January.

The problems at the plants are of a long-term structural nature and have been worsening over the past few years. They are not directly related to the cyclical problems caused by the sluggish growth of the world market for colour television sets, the company said.

The four factories are in eastern Netherlands, at Winschoten, Stadskanaal, Heerlen and Heer. They make glass for television tubes, the tubes themselves for domestic and industrial use, and components. They have had difficulties over the past few years, but the company has now decided to tackle their problems in one package.

Reaction from the unions to the company's proposal for a meeting has been "reserved" since this would mean slightly delaying talks on the problems of the Winschoten plant, making glass, which have already been promised for this year. Philips declined to give any details of its proposals for the factories, although the unions claim it plans to close Winschoten at the end of 1980.

Disappointing colour television sales were the main reason for the slow growth of sales and profits in the third quarter of 1979. They have forced the company to revise downwards for the second time its estimate of volume sales growth this year. It now expects 8 per cent growth at the most, compared with the initial forecast of 8 per cent.

Philips has forecast world 1979 sales of colour receivers, by all manufacturers, at just over 31m, 500,000 fewer than first thought, and European sales at 10.3m, 300,000 fewer than earlier estimated. At the presentation of the third quarter figures on November 15, the Philips board warned that short-time working would depend on television sales in November and December.

Improvement at Danish brewer

BY HILARY BARNES IN COPENHAGEN

THE United Breweries (Carlsberg and Tuborg) proposed an unchanged 12 per cent dividend after announcing an improvement in group pre-tax profits to DKr 213m ($41m) from DKr 205m for the year ending September 30. Group sales, excluding taxes, were up from DKr 5.64bn to DKr 6.11bn ($1.17bn).

The parent company's pre-tax earnings were down from DKr 138m to DKr 121m, but after profits on asset realisation, and tax earnings, were an unchanged DKr 99m. Group after-tax earnings increased from DKr 135m to DKr 155m.

The board said in a preliminary statement that the decline in earnings on brewery operations in Denmark was compensated for by favourable developments in international business and earnings by Danish companies not related to brewing.

Group investment in production plant and transport equipment increased from DKr 515m to DKr 535m, of which DKr 455m was made in Denmark. The group opened a large new brewery in Jutland in May.

Banque Rothschild sees sharp upturn

BY DAVID WHITE IN PARIS

BANQUE ROTHSCHILD, which a year ago was made into the umbrella company for the French Rothschild family's banking and industrial empire, is forecasting a sharp improvement in profit this year from last year's net FFr 10.2m ($2.46m).

M. David de Rothschild, managing board chairman, told shareholders that they could expect "a modest rise" in the net dividend from the FFr 19.50 a share paid earlier this year.

More than 90 per cent of the shares are held by former shareholders of Compagnie du Nord, the holding unit now merged into Banque Rothschild. The family's direct interests at the time of the merger were said to be just under 23 per cent.

Operating profit for this year is put at FFr 30m. After depreciation the figure is expected to be about FFr 20m, to which should be added some FFr 13m in exceptional gains.

SCHLOEMANN-SIEMAG

Expansion abroad pays off

BY ROGER BOYES IN BONN

SCHLOEMANN-SIEMAG is a textbook example of how West German engineering companies are trying to minimise their dependence on the troubled steel industry. It is at least on the strength of the year's results — oet profits of DM 22.4m ($12.73m), up from DM 15.6m — something of a success story.

The qualification is necessary because Schloemann-Siemag is not withont its problems. Indeed, in common with other West German concerns, it seems to have swapped its dependence on the shattered fortunes of the steel sector for e highly-tuned vulnerability to the relative strength of the Deotsche-Mark against such currencies at the dollar and the yen.

Schloemann-Siemag, as the donble-barelled name suggests, is a comparatively recent fusion of two concerns. Schloemann, founded in 1901, was initially a trading company and a constructor of hydraulic presses. By 1920 it began to build rolled steel mills, and in the 1950s it acquired interests in contTnnous casting.

Siemag, before the merger with Schloemann in 1973, focused on engineering and turning ont various machines for hot and cold rolling mills, as well as "morgoil" roll-neck bearings and foundry products. The merger took place some two years before the world steel industry plunged into crisis, which drastically rednced the amount of cash available to the major steel companies for investment in equipment. The company is now 51 per cent owned by Gutehoffnungshuette.

Schloemann-Siemag developed a twofold strategy to cope with the crisis. In the first place, it began increasingly to look abroad — over 90 per ceot of its production is now for export — and secondly it diversified into plastics processing machinery. In 1976, it acquired Battenfeld Maschinenfabriken and converted the coocern to plastics processing.

Since then, it has taken over Gloucester Engineering, a U.S.-based plastics technology company with a subsidiary in Britain, and a 50 per ceot stake in the Brazilian plastics processor Ferbate Maquinas e Equipameotos. This year it also took a 90 per cent share of the Pittsburgh engineering company Sutton Engineering.

Direct investment overseas bas made sense for the traditional reasons — U.S. labour and prodoction costs are lower, and there is a vital proximity to the market. There was also a certain marketing logic in diversifying away from steel and, at the same time, moving some production abroad.

> German engineering groups are finding that reducing domestic links with the steel sector and raising output overseas provide problems of a different kind

But the most powerful underlying factor is the company's exposure to the vagaries of the exchange markets. The steel crisis in the West meant a major shift in export orientation towards the Communist states and the Third World. Yet it was precisely in these areas where U.S. competition—given a sharp edge by the weak dollar—was particularly apparent. An even more dramatic turnabout on the markets has come this year with the yen's 29 per cent fall against the Deutsche Mark. This is particularly threatening to Schloemann-Siemag's business ambitions in China. The company has already led a consortium to build a cold rolling mill in Wuhan, and it is now in the running for the construction of another plant in Paoshan. After this new plant bas come onstream, the Chinese are expected to decide on yet another project—a large integrated steel ...

several billion dollars—in whic[h] a German consortium, le[d] again by Schloemann-Siemag, i[s] interested.

But how can West Germa[n] companies cope with the pricin[g] competition from Japan and (in[-]creasingly apparent in China) from the U.S.? The answe[r] seems to lie in quality, but thi[s] alone may not be sufficient. On[e] of the possibilities being con[-]sidered by Schloemann-Siema[g] for the Paoshan project is package offer made up half i[n] dollars and half i[n] Deutsche Marks. This has number of advantages: reduces the Deutsche Mark com[-]ponent to be guaranteed b[y] Hermes (which is responsibl[e] for export credit guarantees) and it makes the offer mor[e] attractive to the Chinese, wh[o] appear to have a preference fo[r] business denominated in dollar[s].

The other card that Schlo[e-]mann-Siemak and other We[st] German companies can play i[s] a certain flexibility in acceptin[g] compensation trade. For lon[g] term projects, this route ma[y] make sense for the Chinese, wh[o] are, in any case, concerne[d] about the size of their defic[it] with the West. Schloemann[-] Siemag does much of its bus[i-]ness with Eastern Europ[e] where buy-back deals—espec[i-]ally with East Germany—are a[n] established part of commerci[al] theology.

The costs of sub-contractin[g] and of off-loading some of th[e] goods received on a buy-bac[k] basis are high, prohibitively s[o] in some instances. But for th[e] vast potential of the Chin[ese] market, Schloemann-Siemag an[d] other West German companie[s] may have to revive the conce[pt] in order to remain competitiv[e] with the Japanese.

The falling yen, in their view is a covert form of dumpin[g]. But the steel industry has bee[n] toughened by its long exper[i-]ence of competition from th[e] Far East—and companies on th[e] fringes of the industry, lik[e] Schloemann-Siemag, are equall[y] determined to develop the nece[ssary] ...

AUSTRALIAN MEDIA TAKEOVER BATTLE

Fairfax emerges as HWT saviour

BY JAMES FORTH IN SYDNEY

JOHN FAIRFAX, the Sydney-based TV, radio and publishing group yesterday emerged as the main reason why Mr. Rupert Murdoch's News Ltd. group of companies last week failed in a A$126m (U.S.$138m) takeover bid to secure control of Australia's largest press group, Herald and Weekly Times (HWT). Fairfax paid A$50m for just under 15 er cent of HWT, the maximum it could purchase without running into ownership problems under the Broadcasting and Television Act.

Fairfax was supported by Queensland Press, which is associated with HWT and which paid between A$20m and A$25m to lift its stake in HWT from 8.4 per cent to just under per cent. Another HWT associate, Advertiser Newspapers, owns 6.5 per cent of the capital, which means that about per cent is tied up in friendly hands and virtually makes the group safe from further unwelcome takeover moves.

But the cost was high: Fairfax had to agree to sell its holdings in two of its three television interests. Moreover, the price of HWT shares has collapsed from the peak paid last week during the height of the market battle between News and the HWT camp.

The holding is currently valued at A$34m, a book loss to date of A$16m or 32 per cent. The Queensland Press holding to date is showing a book loss of A$5m to A$7m. Both Fairfax and Queensland Press said yesterday that while the cost of the HWT shares was substantially above their current market value, they were regarded as a sound long-term investment.

Friends of the Herald and Weekly Times increased their shareholdings to some 36 per cent in their successful attempt to thwart the A$126m bid for control by Rupert Murdoch's News Limited, but the cost was high

Mr. J. O. Fairfax, chairman of Fairfax, said that the group had not actively sought to make any acquisition, but had decided that the purchase of shares in HWT was in the interests of the shareholders of both companies and of the community at large. It will be necessary to sell the company's holding of 60 per cent in Queensland Television, the operator of Channel QTQ 9 in Brisbane, and the 30 per cent stake in Canberra Television, the operator of Channel CTC 7 in Canberra, he said.

In addition, another 10 per cent of CTC will be sold by the trustees of two Fairfax pension funds.

The sale prices and the purchasers will be subject to approval by Fairfax, and they were expected to provide a substantial part of the finance needed to buy the HWT shares. Based on market prices, these interests would only realise about A$10m, which would leave Fairfax still well short of its mark. Under existing stock exchange requirements, the transfer of control of the television interests should be accompanied by a similar offer to remaining holders. Fairfax will urge the exchange to waive this requirement: there is provision for a waiver, but it is only supposed to apply in special circumstances.

The Trade Practices Commission, which was concerned that the News Ltd. bid could result in a breach of the Trade Practices Act, and which threatened News Ltd. with legal action, is expected to look into the Fairfax arrangement. If it stands, Fairfax will have obtained a strategic holding in HWT and ensured that it cannot be totally acquired by another group.

This would mean the sale of two television interests by Fairfax (News Ltd. proposed to sell three of HWT's television interests), but would leave the status quo of the newspaper activities unaltered, while News Ltd. proposed to sell three HWT daily papers.

Fairfax would end up with prescribed interests (i.e. more than 5 per cent) in two television stations, ATN 7 in Sydney and, through HWT, 12.75 per cent of HSV 7 in Melbourne. Mr. Fairfax claimed that the acquisition was partly to secure tha public interest through the continued independence of HWT. He said that Fairfax did not have nor did it seek to have a controlling interest in HWT.

Mr. R. B. Leonard, chairman of Queensland Press, said that it was in the interests of Australians to have a free and independent press, with a diversity of views and reporting. "We do not believe that such a situation would have remained if the takeover had been successful," he said.

Mr. K. MacPherson, chairman of HWT, said that Fairfax had demonstrated a sense of responsibility and a desire to retain the independence of media organisations.

Thiess in further legal moves

BY OUR SYDNEY CORRESPONOENT

THE QUEENSLAND coal, construction and motor vehicle group Thiess Holdings has sought an order from the Federal Court declaring that the acquisition of shares in the company by the industrial and mining group CSR is in breach of the merger provisions of the Trade Practices Act. The effect of the order would be to declare that CSR has acquired the shares illegally.

Mr. L. Fulton, secretary of Thiess, said yesterday that the challenge is based on the argument that the Thiess interests in coal, construction and sugar (it owns 20 per cent of Pioneer Sugar) would come under CSR's control if it succeeds, thus giving CSR a dominant position in the market.

This is the second legal move by Thiess after CSR first gained 19 per cent of the capital through a market operation. The Shell Oil group has since sold a 15.8 per cent stake in return for minority equity participation in three steaming coal projects, and the life office, the AMP Society, has indicated that it would accept for its 9.3 per cent stake. Thiess sought an order restraining the Shell agreement on the grounds that CSR had given a benefit not available to other Thiess holders.

Thiess obtained a ruling that the agreement on the equity in the coal ventures must not be executed pending a hearing, but the court did not rule on the actual sale of the Shell shares to CSR. Meanwhile, the Queensland State Government has announced that it intends to introduce legislation with effect from midnight yesterday, to control creeping takeovers which are effected largely through the share market.

The legislation would provide for a threshold level of 12.5 per cent, from which point a full bid would need to be extended. The State Government has acted ahead of pending national legislation covering takeovers, which is expected to be passed early next year. This legislation envisages a control threshold of 20 per cent, and it was indicated yesterday that the Queensland Government would fall into line with whatever percentage wss ultimately decided upon at the national level.

East India Hotels to expand

BY K. K. SHARMA IN BOMBAY

EAST INDIA HOTELS, which recently made a controversial break with Sheraton with which it *had an agreement for running* a five-star hotel in Bombay, has revealed plans to open new hotels, in London, New York, East Africa, and a second one in Saudi Arabia.

Announcing a public issue of 1.25m equity shares of a par value of Rs 10 each and with a premium of Rs 6 per share, Mr. M. S. Oberoi, chairman of the company, also said that East India Hotels would add to its chain in India.

The company currently runs 23 hotels in India and abroad, to which it hopes to add about 10 next year.

Marginal rise for Bank of Tokyo

By Charles Smith, Far East Editor in Tokyo

THE WEAKENING of the Japanese yen contributed to a 23 per cent increase in revenue for the foreign exchange specialist Bank of Tokyo during the six months ending September 30. Profits however rose fractionally over the same period, because of the burden imposed by the obligation to absorb Government bonds at a time of pronounced weakness in the market.

After tax profit slipped from Y9.12bn to Y8.74bn ($35.1m) and the interim dividend has been held at Y2.5.

During the period there was a shift back towards a positive spread between loan and deposit rates. Income from interest on loans at Y139.44bn ($560m) marginally exceeded interest payments on deposits of Y139.38bn whereas in the March business term it was substantially less. The positive spread between loan and deposit rates is expected to widen during the next few months.

The main negative impact of the bank's profit come from a Y4bn loss in the handling of Government bonds.

The Bank of Tokyo is to become the first Japanese bank to operate in the Bahrain offshore market, **Mary Frings adds from Bahrain.** Its application for an OBU (Offshore Banking Unit) licence was approved by the Bahrain Monetary Agency (BMA) in September, but the bank was not named at that time, pending the official sanction of the Japanese Ministry of Finance.

This has been the one exception to the BMA's moratorium on the issue of new OBU licences since June. Although Citicorp has been granted an investment banking licence and four other banks have been allowed to open representative offices (Associated Banking Corporation of the Philippines, Credit Commerciale de France, Nederlandse Middenstands Bank and Banco do Estado Sao Paolo of Brazil). Mr. Taiji Higaki, the resident representative for Bank of Tokyo in Bahrain, said he hoped the Offshore Unit would be in operation by the end of January. The representative office, which dates from April 1977, is to remain open and will continue to cover the whole Middle East region.

JOBS COLUMN, APPOINTMENTS

Case for being fair to the taxpayers, too

BY MICHAEL DIXON

AT £3.5BN, the annual salary bill for teachers in the State education system is important to everyone in the United Kingdom. The bill amounts to a contribution of about £1.20 a week on behalf of each man, woman, and child in the country.

But we are nevertheless each falling 28p weekly short of giving the teachers their just deserts as enshrined by the official Houghton Committee in 1974, according to the teacher unions' claim for a 36.5 per cent pay increase last April. And although they settled at the time for 9 per cent plus £6 a month, the claim for the larger award plus a bit extra is now being pressed by the unions on the Clegg Commission on Pay Comparability which is reviewing the case for a further increase.

The *Comparability Commission* deserves sympathy because there seems to be some confusion between the main unions as to the conditions under which schoolteachers, in particular, are employed.

The National Union of Teachers claims that, even when official school holidays of some 14 weeks a year are taken into account, the teachers work longer for their money than does the average male in "non-manual" employment. This average man puts in a basic 37.2 hours weekly. By comparison, says the NUT, the average working week in a primary school is 38 hours, and that in a secondary-level establishment is 39.9 hours. And I'm sure that a good many staff do work such hours, and even longer.

On the other hand, the NUT's main rival—the National Association of Schoolmasters and Union of Women Teachers—stated earlier this year that teachers are paid for working only the official school period of five hours a day for 190 days a year.

The NAS-UWT's claim seemed to be reinforced by a decision in the Appeal Court this summer. Moreover the local education authorities, which directly employ State schoolteachers, asserted in their evidence to the Clegg Commission that there was a growing tendency among the staff to work only the unusually short time-tabled day much as defined by the NAS-UWT.

So we apparently have in schoolteaching a condition which applies in many other occupations. Some workers do varying amounts more than the least they could get away with, and others do the absolute minimum. The question is which of these two groups ought to form the basis on which the Clegg Commission decides how much more taxpayers' money should be handed to teachers so as to bring their pay fairly in line with that of comparable workers elsewhere?

On matters like this, the Jobs Column likes to help as best it can. Which accounts for the accompanying table.

The difficulty of identifying industrial jobs comparable with posts in schools, is great. The commission is tackling this task by conducting a complex "job-evaluation" exercise in conjunction with the Inbucon management consultancy.

It seems to me, however, that the role in industry and commerce which is generally and fairly reasonably comparable, is that of training staff. And the last Reward survey based on people to registered as job-candidates during May-September with Professional and Executive Recruitment, makes available salary statistics for 206 training staff divided into the five age groups denoted in the table.

Producing comparable figures for schoolteachers has been a far less straightforward task. The Education Department could supply no salary statistics later than March 31, 1977—the day before teachers received their 1977 pay rises—and even these figures were limited to the numbers of school staff of different age groups within various broad salary bands. Nor were there any total figures; each main type of schoolteachers being treated separately.

So I have had to take a single category—men non-graduates in secondary schools—as the "teachers" for my table. From the department's statistics I have worked out for each of the stated age groups, estimated figures for the pay of the people respectively one-tenth, one-quarter, halfway, three-quarters, and nine-tenths of the way down the pay ranking. I have then "updated" these sums by adjusting them for the teachers' rises of 1977, 1978 and this year.

The table is thus a very rough comparison. But it is the best I can achieve, and I feel sure that the position it reflects is not far from the reality.

As well as annual salary at each point, I have given the hourly rate for a person working the minimum time possible. This time, in the case of teachers, is the NAS-UWT's 190 five-hour days. In the case of trainers, I have assumed the minimum to be 46 weeks of 35 hours.

For the sake of all taxpayers, I hope Professor Clegg and his commission take due account of the table's indications.

SALARIES OF SCHOOLTEACHERS AND OF INDUSTRIAL TRAINING STAFF—A ROUGH COMPARISON

Age-group		Upper decile annual salary £	Upper decile min-hrs. rate £	Upper quartile annual salary £	Upper quartile min-hrs. rate £	Median annual salary £	Median min-hrs. rate £	Lower quartile annual salary £	Lower quartile min-hrs. rate £	Lower decile annual salary £	Lower decile min-hrs. rate £
25-29	Teachers	5,469	5.76	4,964	5.23	4,427	4.66	3,970	4.18	3,568	3.76
25-29	Trainers	6,000	3.73	5,537	3.44	4,525	2.81	4,037	2.51	3,430	2.13
30-34	Teachers	6,425	6.76	5,999	6.31	5,458	5.75	4,864	5.12	4,376	4.61
30-34	Trainers	7,130	4.43	6,537	4.06	5,525	3.43	4,700	2.92	4,325	2.69
35-39	Teachers	7,255	7.64	6,706	7.06	6,171	6.50	5,694	5.99	4,982	5.24
35-39	Trainers	9,125	5.67	6,812	4.23	6,000	3.73	5,237	3.25	4,810	2.99
40-44	Teachers	7,676	8.08	7,086	7.46	6,469	6.81	5,885	6.19	5,254	5.53
40-45	Trainers	9,140	5.68	7,300	4.53	6,000	3.73	4,700	2.92	4,000	2.48
45-49	Teachers	7,852	8.27	7,248	7.63	6,595	6.94	6,003	6.32	5,519	5.81
46-51	Trainers	9,700	6.02	7,500	4.66	6,000	3.73	5,375	3.34	4,460	2.77

£6,000 accountancy appointments £9,000

£6,000 accountancy appointments £9,000

THESE ADVERTISEMENTS APPEARED IN THE FINANCIAL TIMES ON NOVEMBER 20 1979

Job Title	Salary	Location	Advertiser
Business Analyst	£8,500+Car	W London	Robert Half
Financial Controller	£9,500	Essex	Robert Half
Business Development	£9,000 +Benefits	C London	Robert Half
Young Qualified Accountant	£8,500	W London	Robert Half
Young Accountant	£8,000	City	Robert Half
Young Chartered Accountant	£8,000 +Benefits	W London	Extel Recruitment
Chartered Accountant	£8,000/£9,000	London-based	c/o Extel Recruitment
Newly Qualified	to £8,500	London W1	EMA Management Personnel Ltd.
Disbursement Accountants	£9,000 neg.	Felixstowe	Personnel Resources
Assistant Accountant/ *Personnel Officer*	—	London SW1	The Country Landowners Association
Financial Accountant	up to £8,500	West End	RSVP Recruitment
Financial Controller/ Company Secretary	£9,000	Manchester	Shirley Institute
Accountant	£7,000	London	Trinity College of Music London
Chartered or Certified Accountant	—	Bermuda	Ring 01-601 4182

For the full text of the advertisement please see the Financial Times of that date or telephone Sally Stanley on 01-248 5597

LEGAL NOTICE

No. 002957 of 1979

IN THE HIGH COURT OF JUSTICE Chancery Division, Mr. Justice Oliver. In the Matter of OENTA HOTELS (U.K.) LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice dated 5th November 1979 confirming the reduction of the Share Premium Account of the above-named Company from £2,700,000 to £1,200,000 was registered by the Registrar of Companies on 12th November 1979.

Dated this 21st day of November 1979.

LOVELL, WHITE & KING
21 Holborn Viaduct
London, EC1A 2DY.
Solicitors for the above-named Company.

BOND DRAWING

NORGES KOMMUNALBANK

5½% 1963/1983
UA 12,000,000 LOAN

Bonds for the amount of UA 813,250 have been drawn for redemption in the presence of a Notary Public on November 12, 1979. The Bonds will be reimbursed cum coupon no. 18 on and after January 15, 1980.

The drawn debentures are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning for:

Bonds of nominal UA 1,000: at 603 up to 4313 incl.
Bonds of nominal UA 250 Series A: at 10530 up to 10794 incl.
Bonds of nominal UA 250 Series B: at 10319 up to 10520 incl.
Bonds of nominal UA 250 Series C: at 11688 up to 11909 incl.
Bonds of nominal UA 250 Series D: at 10751 up to 10907 incl.

Amount called for redemption: UA 891,000.
Bonds purchased on the market: UA 77,750.
Amount unamortized: UA 2,080,000.
Outstanding drawn Bonds:

Bonds of nominal UA 1,000
2207, 2231, 2289 to 2271 incl., 3180, 3185, 3100 to 3193 incl., 3290 and 3291, 3251, 3358 and 3350, 3367, 3388 and 3387, 3389 to 3391 incl., 3411 to 3417 incl., 3446, 3453, 3482, 3516, 3521, 3579 to 0582 incl., 3586, 3630, 3662, 3695 to 3898 incl., 0702, 3798, 3800 and 3801, 7789 to 7773 incl., 8051, 8205, 8276.

Bonds of nominal UA 250 Series A
10094 and 10095, 10108, 10132 and 10133, 10140 and 10141, 10173, 10170 to 10182 incl., 10101, 10197, 10317, 10320, 10331 and 10332, 10340, 11862 to 11887 incl.

Bonds of nominal UA 250 Series K
11275 to 11290 incl., 11368, 11834, 11736 to 11738 incl.

Bonds of nominal UA 250, Series C: 10907, 10914, 10916, 11083, 11415 to 11417 incl., 11462 and 11463, 11483, 11586, 11671 and 11572, 11591, 11657 and 11658, 11680 to 14683 incl.

Bonds of nominal UA 250 Series D 11271 and 11272, 11382 and 11383, 11403 to 11496 incl., 11503 and 11504, 11654 to 11658 incl., 11752.

THE TRUSTEE
KREDIETBANK
S.A. Luxembourgeoise.

Luxembourg,
November 27, 1979.

COMPANY NOTICES

RMP

RAND MINES PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)
A member of the Barlow Rand Group

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the twelfth annual general meeting of members of Rand Mines Properties Limited will be held in the conference room at the company's registered office, off Main Reef Road, Crown Mines, Johannesburg, on Wednesday, 23rd January, 1080, at 10h00 for the following purposes:

1. To receive and adopt the financial statements for the year ended 30 September, 1970.
2. To elect Mr. G. W. Dunningham as a director and to re-elect the directors retiring in accordance with the company's articles of association.
3. To fix the remuneration of the auditors for the past year's audit.
4. To consider and if deemed fit to pass with or without modification, the following ordinary resolution:
"Resolved that the shares neither allotted nor issued at 23rd January, 1080, be placed under the control of the directors who be and they are hereby authorised, subject to section 221 of the Companies Act, 1973, to allot or issue those shares in their discretion on such terms and conditions as and when they deem fit to do so."

For the purpose of determining those members entitled to attend and to vote at the meeting, the company's transfer books and registers of members in South Africa and the United Kingdom will be closed from 18 to 23 January, 1900, both dates inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and act, and vote on a poll in his stead. A proxy need not be a member of the company.

Completed proxy forms should be forwarded so as to reach the registered office of the company or the transfer office of the company's transfer secretaries, or the transfer office of the company's United Kingdom Secretaries, at least 48 hours before the time of the meeting (which period excludes Saturday, Sunday and Public Holidays).

By Order of the Board
B. P. GALLAGHER, Secretary

Office of the United Kingdom Secretaries:
40, Holborn Viaduct,
London, EC1P 1AJ.

Johannesburg.
18 November, 1079.

CANADIAN AND FOREIGN SECURITIES CO. LIMITED

THE ROYAL BANK OF CANADA (LONDON) LIMITED HAVE RECEIVED THE FOLLOWING CABLE FROM THE COMPANY:

The Directors of Canadian and Foreign Securities Co. Ltd. today declared a dividend of One Dollar and Twenty cents and extra dividend of Two Dollars and Ten cents on ordinary stock payable December Twenty-eighth to shareholders of record November Twenty-third 1970.

107, Cheapside,
London, EC2V 8DT.
20th November, 1070.

EVERARDS BREWERY LIMITED

NOTICE IS HEREBY GIVEN that, in preparation for the payment of the half yearly dividend on the 31st December 1079, the transfer books of the 8% Cumulative Preference shares of the above named company will be closed on the 19th December 1979.

By Order of the Board.
J. G. ROBERTSON,
Secretary.

FRENCH KIER HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN to the holders of the 7¼% Unsecured Loan Stock 2004/09 that the Transfer Books of the Company will be closed from the 10th to 21st December, 1979, both dates inclusive.

By Order of the Board,
B. R. MARTIN,
Registrar.

FRENCH KIER HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books of the Company will be closed from 10th to 21st December, 1979, both dates inclusive.

By Order of the Board,
B. R. MARTIN,
Registrar.

THE UNION COLD STORAGE OF SOUTH AFRICA LIMITED

(Incorporated with limited liability in the Republic of South Africa)

DIVIDEND No. 31

NOTICE IS HEREBY GIVEN that Dividend No. 31 of 24 cents per share has been declared payable to shareholders registered in the books of the Company at the close of business on 14th December 1079.

The Dividend is declared in the currency of the Republic of South Africa and Warrants in payment will be posted on or about 18th January 1080 from the Head Office and the London Office.

Payment from the London Office will be made in United Kingdom currency at the rate of exchange between the two currencies at which the funds to meet payment from the London Office will be remitted on 14th December 1979.

A Non-Resident Shareholders' Tax of 15% will be deducted from dividends payable to shareholders whose addresses in the Share Registers are outside the Republic of South Africa. Warrants despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to deduction of United Kingdom Income Tax at a rate to be arrived at after allowing for relief in respect of overseas taxation.

The Transfer Books and Register of Members of the Company will be closed from 15th to 03rd December 1979, both days inclusive.

By Order Of the Board
AFRICAN FINANCE CORPORATION LIMITED
London Secretaries
per: A. T. Tickner

London Office:
29/30 St. James's Street,
London SW1A 1HS.
26th November 1979.

APPOINTMENTS

Transport industry Board posts

The Transport Minister has made a number of appointments to the boards of the transport industries for which he is responsible—Miss Kate Mortimer of Rothschilds and Mr. Geoffrey Parker, managing director of the Felixstowe Dock and Railway Company, to the board of the National Bus Company; Mr. Peter Dean, a director of the Rio Tinto Zinc Corporation, to the board of the British Transport Docks Board; and Mr. Simon Jenkins, political editor of the Economist, to the British Railways Board. All the appointments are part-time and will run for three years. He has also appointed Mr. Dennis Rawlinson, the northern region director of the National Bus Company, as a full time member of the National Bus Company board and Mr. John Williams, port director at Southampton, as a full time member of the British Transport Docks Board.

★

TRIDENT INSURANCE GROUP has made the following appointments, effective from December 1. To be directors and members of the executive committee of the Board: Mr. Roy Cadwallader, general manager; Mr. Bertram Hand, deputy general manager (group); Mr. George Felton, deputy general manager (overseas); and Mr. Ernest Arbuckle, deputy general manager (finance) and secretary. TRIDENT LIFE ASSURANCE CO has appointed four of its senior executives as directors. They are: Mr. Alan Roberts, made director and general manager; Mr. Tim Lorigan, finance director and company secretary; Mr. Laurence Warburton, sales director; and Mr. Charles Wodehouse, director of marketing and public relations.

★

Mr. Gerard Decourcelle and Mr. Pierre Vermenouze have been appointed deputy general managers and Mr. Guy Sancerres an assistant general manager of BANQUE NATIONALE DE PARIS.

★

Rolls-Royce has formed a wholly-owned subsidiary company named ROLLS-ROYCE (INDIA) with an office in New Delhi. This company, registered in the UK, has been formed to strengthen Rolls-Royce links with India, Bangladesh, Sri Lanka, Nepal and Bhutan. The following have been appointed to the Board of Rolls-Royce (India): Sir Denis Spotswood, chairman; Mr. A. M. Scott, general manager of the New Delhi office; Mr. A. C. Case; Mr. J. M. S. Keen; Mr. P. J. Molony; and Mr. J. A. Rigg.

★

Mr. Jack Fothergill has become managing director of PRITCHARD, BROWN AND TAYLOR, data analysts and computing consultants. His appointment will enable Mr. Alan Brown (previously managing director) to concentrate on the development of software services through PBT's wholly owned subsidiary PBT Micro Assembly. Before joining PBT at the beginning of 1979, Mr. Fothergill was managing director and chairman of the British Market Research Bureau.

★

Mr. Bernard Lockley has been appointed managing director (general manager) of Leeds bathware manufacturer CHLORIDE SHIRES, part of The Chloride Group. Mr. David Adam has been appointed Shires financial director.

★

At AMF/HARLEY-DAVIDSON MOTOR, Milwaukee, Wisconsin, U.S., Mr. Philip D. Boydston has been named director, dealer development and Mr. Dennis A. Wacker has been named director, motorcycle service.

★

Mr. John Smith has been appointed managing director of VIKING PACKAGING, responsible for the company's integrated PE and polypropylene extrusion, print and conversion facilities. He was previously a director of the company and succeeds Mr. Stephen Ellis, who becomes chairman.

★

The INTERNATIONAL HERALD TRIBUNE has appointed Mr. Robert Becker, as assistant to the director with special responsibilities for Africa and the Middle East. He will be based at the Tribune's London office.

★

Mr. B. Campbell and Mr. W. A. Croft have been appointed directors of cutlery manufacturer, HIRAM WILD, part of the Walter Lawrence Group.

★

Mr. David J. Franklin and Mr. John P. R. Snowden have been appointed directors of NORTON WARBURG.

★

Mr. Don Chappell, advertisement sales manager, has been appointed northern general manager, MIRROR GROUP NEWSPAPERS, from January 1.

★

Mr. Martin Spencer has been admitted to the partnership of CASSON BECKMAN and appointed a director of Casson Beckman Associates. He will continue as the chief executive of Chelsea Football Club with overall responsibility for finance and administration.

★

Mr. T. R. Monteath, general manager, ROYAL REINSURANCE COMPANY will retire at his own request on December 31. He will be succeeded by Mr. R. A. Isaac who in March 1980 completes his secondment from Royal Insurance to its associate company, Mutual and Federal Insurance Company, where he has been managing director since April 1976.

★

Mr. R. E. John Scott has been appointed group marketing director of JOHNSON GROUP CLEANERS from January 1.

★

Mr. Michael R. Blackmore has been appointed general manager of the can division of TPT.

★

Mr. Gerald Corlett, managing director of Higsons Brewery, has been appointed to the Board of the LIVERPOOL BUILDING SOCIETY. He is chairman of the executive committee of the Merseyside and North Wales Brewers Association.

★

Mr. James M. Medanich has been promoted to senior vice-president marketing at FLUOR MINING AND METALS INC.

★

Mr. John H. Shone, director of Henry Telfer, has joined ROBERT WILSON AND SONS as director in charge of marketing and sales.

★

Dr. Walter Diehl has succeeded Dr. Ax E. Eisenring as Board chairman of Swiss Reinsurance Company, Zurich. Dr. Eisenring has been made honorary chairman. Mr. Rolf Engisch (Singer and Co. AG), Mr. Norbert Schenkel (Roventa-Henex AG) and Mr. Marcel Schmid (Ogival AG) have been appointed to the administrative Board of Allgemeine Schweizerische Uhrenindustrie AG (ASUAG), of Bienne. They replace Mr. Max Lohner, Mr. Paul Luethi and Mr. Bernhard Rais.

★

Mr. Geoffrey Yates, the chief executive of Butterfield Harvey, has been appointed chairman of the London regional council of the CONFEDERATION OF BRITISH INDUSTRY. He succeeds Mr. G. M. Wolfe of Wolf Electrical Tools.

★

Mr. John Moore, secretary of NORMAN HAY, has been appointed a director.

★

Mr. Michael Walker has been appointed managing director of DICK BEARINGS. He was marketing director of Pioneer Westoo, another member of the J. H. Fenner group of companies.

★

Mr. Harold J. Meyerman, vice-president, has been named head of the Europe, Middle East, and Africa Group of the World corporate department of BANKERS TRUST. Mr. Horst Schnoes, vice-president, will be based in Frankfurt in charge of the northern and central Europe division of the Department, and Mr. Benoit Deschamps, vice-president, will be based in Paris in charge of the western and southern Europe division.

★

Mr. Max Brown has been appointed managing director of CRUSTEEL, Sheffield, a subsidiary of the Colt Industries Inc., crucible steel division, U.S.

★

Dr. E. W. Jackson has been appointed managing director of Portals Water Treatment Pty., Australia, from January 1. Mr. D. Bird has been appointed managing director of Permutit-Boby in his place.

★

Mr. Gerald S. Sanders and Mr. Anthony W. Metherell have relinquished their appointments as joint managing directors of JAMES WALKER, GOLDSMITH AND SILVERSMITH. Mr. Noel W. Deeks and Mr. Michael J. Prince have been appointed joint managing directors. Mr. Sanders and Mr. Metherell remain as chairman and deputy chairman respectively.

★

Following the recent formation of the industrial division of TARMAC, the following appointments have been made Mr. Derek Wild, assistant chief accountant of Tarmac Roadstone becomes finance director. Mr. Peter Johnson, director and secretary of Cubitts Nigeria is made secretary and director at Tarmac Roadstone.

★

Mr. J. M. P. Moore has been appointed a director of KIRKLAND-WHITTAKER from December 1 and Mr. G. L. Backney and Mr. A. S. McLennan have been appointed associate directors.

★

Mr. Iain M. Harding has been appointed Secretary of SCOTTISH INVESTMENT TRUST following the retirement of Mr. Albert Black.

★

Mr. Nat Cohen, for many years a board member of EMI Films, has signed a new contract with the company under which he will undertake executive responsibilities working in close collaboration with the management team. He will remain a member of the Board of EMI Films.

★

Mr. Kenneth Osborne has retired as a director of HANSON TRUST. He will remain as a consultant.

★

Mr. David Beauchamp is appointed export director of CHARLES WINN (VALVES), a Delta Group company. Mr. Dennis Richardson is appointed works director. He joins Charles Winn from a similar position at Grovewood Products, Tiptoo.

WORLD STOCK MARKETS

Early Wall St. advance of 16.1

HOPES THAT interest rates are at or near a peak spurred Wall Street sharply ahead over a wide front yesterday morning in very heavy trading.

The Dow Jones Industrial Average forged ahead 16.13 to 827.90 at 1 p.m., while the NYSE All Common Index was $1.08 stronger at $60.74 and gains outnumbered declines by a five-to-one ratio. Trading volume amounted to 34.24m shares, almost double the comparable 1 p.m. level on Friday of 17.54m.

Bankers Trust cut its prime rate to 15½ per cent from 15¾. This followed a move by St. Louis County Bank to a 15¼ per cent prime from 15½ and a cut in the broker loan rate to 15¼ per cent from 15¾ by Crocker National Bank.

The market had already risen sharply before the bank actions in anticipation of a of a drop in rates because of an apparent decision by the Federal Reserve to ease conditions in the money markets.

Analysts added that the call for a U.N. debate on Iran had eased investor fears of an imminent worsening of that crisis.

Sears Roebuck topped the actives list and gained ½ to $18¾. Blocks of 513,000 and 500,000 shares were moved at $18¾ and another of 106,600 shares was traded at $18⅞.

Holly Sugar jumped 9⅞ to $48¾. A brokerage concern and 125 of its clients has acquired 10.7 per cent of the Holly equity and is to seek its liquidation.

Marathon Manufacturing gained 1⅞ to $44. It has signed a final merger agreement with Penn Central. NV Industries were unchanged at $28½ when it was halted pending news that it has ended merger plans with Reliance Group and signed an agreement to be acquired by Sharon Steel, which is controlled by Victor Posner.

Oils continued to rise. Exxon added ⅞ at $57⅞, while Texaco, which on Friday announced a new gas zone in a Baltimore Canyon well, rose 1⅛ to $31⅛. Superior Oil put on 4⅞ to $139¾, Mesa Petroleum 1⅞ to $53⅞ and Indiana Standard 1½ to $85¼.

THE AMERICAN SE Market Value Index climbed 4.13 to 227.27 at 1 p.m. Volume 4.17m shares (2.22m).

Oils were also strong on the Amex. McCulloch Oil rose ⅛ to $9⅞, Canadian Superior Oil 7½ to $182½, Dome Petroleum ⅞ to $44½ and Gulf Canada $2 to $91 ex-dividend.

Closing prices and market reports were not available for this edition.

Canada

Markets were also in good form in Canada in active early dealings. The Toronto Composite Index moved ahead 17.4 to 1,669.1 at midday, while the Oils and Gas index rose 55.1 to 3,630.5, Golds 28.8 to 1,978.4, Metals and Minerals 22.9 to 1,460.0, Banks 2.24 to 278.85 and Utilities 2.19 to 234.76.

Tokyo

Share prices were firmer for choice after light trading, with buying interest concentrated on recently sold Oils and Trading Houses.

The Nikkei-Dow Jones Average improved 35.67 more to 6,387.50 and the Tokyo SE index gained 1.67 to 445.27, while rises on the First Market section outscored falls by 311 to 243. Turnover came to 180m shares, against last Friday's 240m and Saturday's half-day session total of 150m.

Nippon Oil advanced Y70 to Y2,050 on "cheap" buying, while Arabian Oil moved ahead Y60 to Y3,810 and Teikoku Oil Y30 to Y1,080. Among Trading Houses, Mitsubishi rose Y33 to Y868 and Marubeni Y14 to Y443.

Non-ferrous Metal issues also advanced reflecting a recovery in the non-ferrous metal market, with Nippon Mining adding Y27 at Y312 and Dowa Mining Y16 at Y378.

Real Estates and Non-life Insurances closed generally higher, but Pharmaceuticals and export-orientated issues, which rallied last week, mainly retreated on profit-taking.

Mitsubishi Real Estate climbed Y15 to Y428 and Tokio Marine and Fire Insurance Y20 to Y658.

Vehicles generally declined despite record Japanese vehicle production in October, with Nissan Motor losing Y5 to Y670 and Honda Motor Y4 to Y661. Elsewhere in export-related stocks, Sony receded Y20 to Y1,690 and Canon Y14 to Y690.

Germany

Bourse prices mainly recovered further ground in fairly active trading, helped by institutional and foreign buying. The Commerzbank index regained 2.2 more to 718.7.

Most Steels, Motors, Chemicals, Stores and Banks improved, while Electricals and Oils closed on a mixed note.

Among Motors, Volkswagen rose DM 4, Daimler DM 2.50 and BMW DM 20. Brokers said the sector had been unusually depressed, with Volkswagen especially undervalued.

In the Stores group, Horten climbed DM 4, Kaufhof DM 3.50 and Neckermann DM 30.

In Electricals, Brown Boveri fell DM 9.50 in what brokers explained was a drop back to normal trading levels after a large order in a thin market sent the stock up DM 11.50 on Friday. Siemens, however, added DM 1.50.

Krupp rose DM 2 in Steels, while Deutsche Bank added DM 2.30.

Public Authority Loans firmed up to 35 pfennigs more and the Bundesbank sold a nominal DM 59m of paper in open-market operations after sales of DM 36.3m last Friday.

Paris

Stocks were firmer across a broad front in relatively active trading. Brokers said the reasons for the buoyant market were the same as those which pushed prices up on Friday, namely the start of the new monthly trading account and a decline of ¼ of a point in the Call Money rate. Gains outweighed declines by 127 to 48 in the French section.

Apart from easier Chemicals and mixed Banks and Stores, higher levels predominated in all sectors.

Alsthom Atlantique, whose Belfort plant recommenced production yesterday after a two-month strike, hardened 50 centimes to FFr 72.00.

Among companies reporting higher nine-months' turnover figures, Creusot-Loire lost FFr 2.40 to FFr 62.50, but CIT-Alcatel rose FFr 17 to FFr 1,155.

Among strong Oil stocks, Elf-Aquitaine advanced FFr 15 to FFr 1,335 and CFP FFr 7 to FFr 267.

Hong Kong

Local speculative buying pushed the market ahead in fairly quiet dealings, with the Hang Seng index rising 9.88 to 724.96.

Activity in the leaders centred on Jardine Matheson, up 20 cents at HK$13.30, and Hong Kong Land, 30 cents higher at HK$12.40.

Properties also featured, with Cheung Kong adding 50 cents at HK$18.80, Sun Hung Kai Properties 40 cents at HK$17.70 and Hutchison Properties 90 cents at HK$23.80.

Australia

Fears of higher domestic interest rates and concern over events in the Middle East caused an easier tendency yesterday in quiet trading. The Sydney All Ordinaries Index declined 5.14 to 561.31.

Treasurer Howard has set his face against any rise in official interest rates for the time being but money market rates have been rising steadily and the market thinks it is only a matter of time before the Treasury has to react. This was depressing for low-yielding high-priced Industrials such as BHP, CSR and the banking heavyweights.

BHP fell 22 cents to A$9.20 while CSR lost 5 cents to A$4.20 and National Bank 10 cents to A$2.60, but Ansett contrasted with a jump of 18 cents to A$1.80 on light turnover.

Among a weakening Oil sector, Woodside Petroleum receded 8 cents to A$1.67 and Bridge Oil 10 cents to A$3.65.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

JAPAN

SOUTH AFRICA

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

Shortage lifts price of cocoa

By Our Commodities Staff

RENEWED PHYSICAL buying interest highlighted the tightness of nearby supplies on the London cocoa market yesterday, encouraging a sharp rise in short-dated positions.

With further upward pressure coming from the continued weakness of sterling, the March quotation established a £40 permissible daily limit rise during the afternoon and ended the day £47 up at £1,503.5 a tonne.

Dealers said there was growing concern about the lack of shipments coming out of West Africa. In spite of recent news that the army was helping to move cocoa from up-country in Ghana.

In Paris, coffee broker M. Georges Mauer said it was not clear whether the upturn in cocoa prices marked the end of the downtrend, which has lasted almost a year.

In his latest newsletter, M. Mauer said a "quite significant" rise in cocoabean grindings could appear in fourth quarter figures for this year in France and Holland. But he thought any resulting price rise would be halted or reversed when new crop cocoa started to weigh on the market and African countries caught up on delayed sales.

Output boost for Robusta coffee planned

ABIDJAN — African coffee producers meeting here last week agreed to take practical steps to boost declining Robusta coffee production, officials of the 22-nation Inter-African Coffee Organisation, IACO, said.

A special conference of all African producers is expected to be set soon to study steps to be taken to increase production on a continental basis, they said.

At the same time, consultations will take place between African producers on marketing policies, the officials said.

IACO said African producers see in the conclusion it was necessary to act to reduce the price differential between African coffee and other coffees.

In Colombia, the decision by Central American other milds producers to reduce exports by per cent during the January-March period next year will guarantee stable prices during that period, according to Gilberto Arango Londono, president of Colombia's private Coffee Exporters' Association.

London hits back at U.S. futures trading chief

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON COMMODITY exchanges have hit back at Dr. James M. Stone, chairman of the U.S. Commodity Futures Trading Commission, over remarks he made in an interview earlier this month with the New York Times criticising British policy.

In a letter to Dr. Stone signed by Mr. P. G. Smith, chairman of the London Metal Market, and Mr. David Harcourt, chairman of the London Commodity Exchange, it is claimed that "numerous misrepresentations" in the interview "could only have created grave misconceptions in the minds of readers both in the US and abroad."

It adds that the statements were received in London with deep dismay, not only because of their inaccuracy, but also because London commodity associations had sought to maintain a cordial relationship with the CFTC.

The letter rejects in particular Dr. Stone's remarks about Britain's insistence on "secrecy" about commodity trading activities and the difficulty this is alleged to create in monitoring the U.S. markets.

It suggests that the onus of creating a well ordered market lies with the U.S. exchanges under the overall supervision of the CFTC. The success of this principle, the letter adds, has been amply demonstrated by the New York Commodity Exchange and Chicago Board of Trade regulating their silver markets well recently, in spite of the existence of the London exchanges. This shows the benefits of self-regulation as opposed to Governmental over-regulation.

Dr. Stone claims to have been misquoted. In an interview with World Business Weekly, he said that the CFTC had problems obtaining information from traders abroad, but to his knowledge none of these problems bad originated in London.

He added that he would be concerned if the British Government were to grant refuge to traders seeking to avoid giving information. However, "as of today I have seen no sign that will occur."

However, he expected that proposals compelling foreign traders dealing on U.S. futures market to reveal full details of their clients would be rescheduled for consideration in January. They were dropped temporarily in September when he was absent through illness.

Dr. Stone's warning that the proposals for foreign trade reporting will be put forward again, is likely to upset the London exchanges still further. He warning was made in spite of strong objections to the move from London traders backed by the Government. They object to the whole idea of revealing confidential information.

Reuter reports that members of the London Metal Exchange and the London Commodity Exchange have been advised to tell the Government of any inquiries they receive from the U.S. Internal Revenue Service.

Both commodity markets have sent circulars to their members stating that some companies have already received inquiries and requests from the IRS regarding "off market" trading and "straddles" (buying one month and selling another simultaneously).

The IRS has asked commodity trading firms if meetings could be arranged in London next month and whether individuals would be willing to appear in the U.S. as expert witnesses on behalf of the IRS in litigation cases.

The British Department of Trade advised both Exchanges to treat such inquiries with great caution.

The Department of Trade said it was advising caution in view of the possible relationship between the IRS inquiries and current U.S. litigation.

Commodity brokers said they believed the IRS inquiries were linked with litigation in the U.S. regarding losses incurred in straddle trading in commodity markets. The IRS wants to disallow such losses for tax purposes.

Some brokers said they were concerned the IRS inquiries reflected another attempt by a foreign government agency to exert extra-territorial jurisdiction.

Rise in stocks hits lead

By Our Commodities Editor

AN UNEXPECTED rise in stocks, when a decline had been forecast, drove lead prices down on the London Metal Exchange yesterday.

But once the selling pressure eased, the market rallied strongly in later trading and cash lead closed only £14.5 lower at £540.5 a tonne. However its fall remains over the three months quotation, has shrunk to only £14, reflecting the easier supply situation.

Lead stocks in the LME warehouses now total 18,825 tonnes, after increasing by 700 tonnes last week. Traders are predicting a further build-up in holdings, with the Soviet Union reportedly having withdrawn as a buyer.

There was a bigger than expected rise in tin stocks, up by 295 tonnes to a total of 1,815 tonnes. This increase, plus a fall in the Penang market over the weekend, pushed cash tin down by £50 to £7,690 a tonne.

As forecast, copper stocks feel again by 1,675 to 140,175 tonnes. However, the market after moving up in earlier trading following nervousness about the strong line taken by Zambia in the Zimbabwe/Rhodesia talks, dropped sharply in the afternoon. The New York market led the downward trend with some heavy selling hitting the nearby months.

There were stock declines for aluminium—down by 500 to 10,500 tonnes; zinc by 925 to 42,300 tonnes and nickel by 120 to 5,562 tonnes. LME silver holdings fell heavily by 1,790,000 to 9,450,000 ounces.

High Egyptian cotton crop forecast

WASHINGTON — The U.S. Agriculture Department expects Egypt's 1979-80 cotton crop to reach 2.15mn bales (480 lbs each), the highest since 1973-74.

Exports could reach 875,000 bales following registered sales in the first week of this marketing season of more than 500,000 bales.

In its weekly roundup of world commodities the Department estimates Egyptian mill consumption at 1.37mo bales for 1979-80.

Favourable weather and good insect control are major factors behind the high yields.

Reuter

CANNED FRUIT

Traditional suppliers resist EEC threat

AUSTRALIA and South Africa will shortly set their prices for 1980 canned fruit sales to the UK. The rates will be pitched largely to beat EEC competitors who have been trying to extend their share of the market since Britain's entry into Europe.

The two traditional suppliers are not on the defensive because their EEC opponents do not resemble the ogres they looked a decade ago. It then seemed that loss of Commonwealth concessions and the incurring of a 24-per-cent EEC tariff would fatally handicap products whose prices had been rising by only 2-3 per cent a year.

In the event, the threat that so terrified them proved more of a blessing. It prodded the southern producers into moves that more than compensated for the penalties posed by Britain's entry. What they may not have been able to achieve in competitiveness was banded to them by the shortcomings of others.

The tariffs that were to have made their products prohibitively expensive have been dwarfed by other factors that have kept canned fruit in British shops well behind the frontrunners in the inflationary gallop.

Between them, South Africa and Australia account for 80 per cent of canned pears and peaches reaching Britain. The market decline has been slowed to a point where it might soon be reversed, and the image of such former menaces as France and Italy is almost benign. Spain, though not yet an EEC member, has shown how badly it needs such status by pricing several of its major lines off the UK market.

Australia reacted to the EEC prospect by phasing out its old Canned Fruits Board. It nationalised marketing—where individual canners had been cutting each other up like their own fruit—to a one-desk operation. The sales force is doing an improved job with two-thirds less manpower.

This streamlining, and the rise in other consumer prices, have more than made up for the EEC penalties. Fruit is selling at more than double the 20p a can that was once thought would kill UK business.

For Australia, survival in the UK has exacted a toll. Its pear and peach orchards have been drastically retrenched with the inducement of Government compensation.

Small growers have gone out of business and legislation before Parliament will vest ownership of all canned fruit production in a single trading co-operative.

Although it has cost much to get it there, Australian canned fruit is today more competitive and profitable than ever before, though "profit" is not the industry's word. It thinks in terms of "returns to growers."

Now that the picture is clearer, a worse threat to Australian canned fruit than the EEC is freight, which has more than doubled in five years. Computerised containers have made it easy to consign canned fruit anywhere with hardly more than a telephone call. But transport is costly, and more so for Australia than any other supplier. So it is not surprising that smiles light the faces of the country's canned fruit producers at the mention of Belgian entrepreneur Tsvi Rosenfeld, whose ABC Containerline is taking on the Australia-Europe shipping conference with a Laker-type operation, using revolutionary ships to slash costs.

Australia has jumped heavily back into promotion since the EEC threat made it turn from Britain to other customers. Promotional spending in Britain, helped generously by the Australian Government, is running at more than £500,000 a year.

South Africa leans on "own-label" marketing, with the reputation of stores tied to its products.

The southern hemisphere producers are confident that their Mediterranean rivals have not achieved the same standards in product and reliability, and cannot see the day when they will.

World wheat estimate raised

BY RICHARD MOONEY

THE INTERNATIONAL Wheat Council expects world production of wheat to total 414.8m tons this year, compared with the 414m tons it estimated a month ago.

This would be 8 per cent down on the record 1978 output, but would still be the third largest harvest on record.

This year's decline mainly reflects lower Soviet production. The USSR crop is estimated at 85m tons, compared with 120.8m last year.

In its latest market report, published yesterday, the council raises its estimate of Soviet wheat import needs to 11m tons from 10m estimated in October. As a result, world trade in wheat this year is now projected at 77m tons, against 76m previously. Chinese imports are still forecast at 7m tons.

The council says the final outcome of the 1979 world harvest depends on southern hemisphere crop results.

Argentinian production is expected to approach 8m tons, slightly less than in 1978, while in Australia the harvest is forecast to slip from 18.2m tons last year to 15m.

In London, the Home-Grown Cereals Authority said the UK grain harvest was expected to total 17.33m tonnes, compared with 17.26m in 1978. Wheat output was put at 7.14m tonnes and barley at 9.6m.

The authority warned that the low protein content of this year's wheat crop would make it less suitable for milling than last year's. More would probably be used for animal feed.

But this year's barley crop was very suitable for malting. Human and industrial consumption was expected to increase.

Our Ottawa Correspondent writes: Canadian prarie grain exports are running about 5 per cent higher than last year, but Mr. Donald Mazankowski, Transport Minister, is not satisfied.

"No one is bragging here about the improvements," he told the Commons Agriculture Committee. "I'm not satisfied with the status quo—we can do more."

Drop in British fish catches

BY RICHARD MOONEY

BRITISH CATCHES of cod, haddock, whiting, plaice and saithe in the North Sea in the first seven months of this year declined by 4 per cent to 156,000 tonnes compared with the same period in 1978, the White Fish Authority said yesterday.

Trawlermen fared no better in waters round the Faroes where they took only 1,429 tonnes of cod and haddock.

The authority said in its latest supplies bulletin that the catch off the Faroes represented only 29 per cent of the 1979 quota, which was itself 82 per cent lower than the British catch in the waters in 1969.

The biggest reduction in the North Sea catch was for haddock, with a fall of 10,000 tonnes, or 23 per cent. The saithe (coley) catch was 15 per cent down and the cod catch 3 per cent down. Plaice and whiting catches were up 5 per cent and 23 per cent respectively.

The fishermen appear to have been partly compensated for their reduced catches by increased prices. The average auction price of codstuffs at major ports in England and Wales for October was £41.80 for a 62.5 kilo kit—the highest monthly average recorded. But the WFA said that fish prices normally reached their peak after October.

In the first three-quarters of 1979, nearly 236,000 tonnes of fresh and frozen fish were imported into the UK, the authority reported. This was an increase of 44,000 tonnes, or 23 per cent, over January-September 1978 imports.

There was an even bigger rise in exports, which increased by 54 per cent to more than 250,000 tonnes. But this was mostly mackerel, which accounted for 229,000 tonnes, or 86 per cent of the total. More than half of all fresh or frozen fish exports went to the Soviet Union.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange. Forward metal moved to £1,018 on the early pre-market, reflecting the current uncertainty over Zambia, but quickly fell back to trade around £1,010 under trade selling pressure and confirmation of Friday's stocks decline forecast. In the afternoon a sharp fall on Comex saw forward metal lose further ground and touch £993 before closing the late kerb at £994.5. Turnover 15,325 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1001.5-8	+3.25	981-3	-22
3 months	1013-4	+4.75	993-4	-21½
Settlem't	1002	+3	—	......
Cathodes				
Cash	976-7	+.5	957-8	-21
3 months	980-1	+.5	972-4	-21.5
Settlem't	977	......	—	......
U.S. Prod	—	......	*96-104	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,002, 1,001, three months £1,015, 14, 12, 11, 13, 14, 13, 12.5. Cathodes, cash £978, 77, three months £989, 89.5, 90. Kerbs: Wirebars, three months £1,013, 12, 11, 10, 09, 10, 11. Afternoon: Wirebars, three months £994, 95, 96, 93.5, 96, 97, 96, 95, 94, 93, 94, 95, 94. Cathodes, cash £958, three months £973. Kerb: Wirebars, cash £980, three months £995, 97, 96, 95, 96, 95, 94, 93, 94.

TIN—Easier following a larger than forecast rise in stocks and a fall at Penang over the week-end. Forward metal opened at £7,380 but came off owing to hedge selling and an easing in the nearby supply situation. The backwardation narrowed from £350 to around £280 before closing at £300. However, in the afternoon covering against U.S. physical buying interest saw forward metal recover to close the late kerb at £7,380. Turnover 530 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7715-25	—88	7680-700	—50
3 months	7380-400	—27.5	7390-410	—20
Settlem't	7725	—86	—	......
Standard				
Cash	7710-5	—72.5	7680-700	—58
3 months	7360-70	—27.5	7380-400	—5
Settlem't	7716	—75	—	......
Straits E.	‡$2067	—12	—	......
New York	—	......	—	......

Morning: Standard, three months £7,390, 80. High Grade, cash £7,750, 20, 10, 20. Kerb: Standard, three months £7,370, 75, 70, 60, 65, 80. Afternoon: Standard, three months £7,360, 70, 60. Kerb: Standard, three months £7,380.

LEAD—Lower. An unexpected rise in warehouse stocks saw forward metal fell sharply from £550 on the early pre-market to the day's low of £518 on the morning kerb under trade and stop-loss selling. However, in the afternoon speculative and trade support saw the market recover strongly with forward metal finally £530 on the late kerb. Turnover 5,721 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	533-4	—17	540-1	—14.5
3 months	533-5	—13	536-7	—13
S'ment	534	—17	—	......
U.S. Spot	—	......	*67-69	......

Morning: Cash £534, 32, three months £528, 27, 26, 25, 24, 22, 21, 20, 18, 18, 20, 21, 22, 23, 22. Kerb: Three months £523, 24, 26, 25. Afternoon: Cash £540, early Oct. £540, three months £521, 22, 23, 24, 25, 26. Kerb: Three months £527, 28, 29, 30.

ZINC—Held steady despite the downturn in lead. After opening at £349 forward metal dipped to £338 in the morning but later rallied to close the late kerb at £341.5. Turnover 3,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	330-.50	+.5	331-2	+2.5
3 months	338-.5	+.5	339-40	+2.75
S'ment	330.5	+.5	—	......
Prim w'st	—	......	*35-37	......

Morning: Three months £339, 38. Kerb: Three months £339. Afternoon: Three months £338, 39, 40. Kerb: Three months £340, 41, 40.

ALUMINIUM—Barely changed. Forward metal came under pressure in the morning and fell back to £805.5. However, the market rallied in the afternoon as a steady demand in a thin market took forward metal up to £814 prior to a close on the late kerb of £811. Turnover 8,750 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	870-5	—8.5	872-8	—5
3 months	805-.0	—5	805-7	—.5

Morning: Three months £811, 10, 09, 7, 8, 5. Kerb: Three months £806, 7. Afternoon: Three months £804, 5, 6. Kerb: Three months £806, 7, 6, 7, 8, 10, 12.

NICKEL—Marginally firmer. The initial fall in sterling saw forward metal edge up to £2,785 in the morning rings but the market failed to sustain this level in the afternoon as a fall in copper and a rally in sterling pared the price to £2,670 on the late kerb. Turnover 330 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	2730-40	—5	2730-35	+12.5
3 months	2785-90	+.5	2785-90	+17.5

Morning: Three months £2,790, 95, 90. Afternoon: Three months £2,795, 80, 85, 60, 85. Kerb: Three months £2,780, 70, 85.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 11.45p an ounce higher for spot delivery in the London bullion market yesterday at 755.50p. U.S. cent equivalents of the fixing levels were: spot 1,629.0c, up 20.0c; three-month 1,668.7c, up 23.4c; six-month 1,694.2c, up 22.5c; and 12-month 1,769.3c, up 22.5c. The metal opened at 751-755p (1,615-1,625c) and closed at 758-762p (1,638-1,646c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	755.50p	+11.4	760.75p	+12
3 months	779.40p	+11.4	783.50p	+15
6 months	796.10p	+11.4	—	......
12months	841.30p	+13.2	—	......

LME—Turnover 256 (208) lots of 10,000 ozs. Morning: Three months 779, 80, 81, 80.5. Kerb: Three months 781. Afternoon: Three months 781, 82, 83, 84. Kerb: Three months 784, 83.

COCOA

Opening at the dues futures steadied sharply and, moving through limit up during the late afternoon, closed at the recent highs. Physical producers were again expressing total lack of interest for offerings, although good consumer demand was in evidence, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1010-1515	+44.0	1515-1484
March	1505-1506	+47.0	1506-1470
May	1510-1511	+45.5	1511-1475
July	1525-1530	+45.5	1530-1485
Sept	1550-1556	+45.5	1555-80
Dec	1585-1560	+50.0	1510-00
March	1580-1595	+45.5	......

Sales: 3,747 (3,293) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Nov. 23: 135.85 (136.13). Indicator price Nov. 26: 15-day average 135.23 (134.53); 22-day average 133.25 (133.25).

COFFEE

The London coffee futures maintained a steady tone in most positions. Trade selling in nearby months erased marginal gains slightly in spite of good support in the market, and weakness in sterling, reported Drexel Burnham Lambert. The market was generally quiet but a good New York performance and continued support lent an otherwise featureless but steady market. Late trade and possible producer support influenced a minor advance as prices finished £5 to £31 higher.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1845-65	+0.0	1845-55
January	1770-73	+14.5	1780-56
March	1757-59	+15.5	1760-45
May	1718-19	+15.5	1720-00
July	1708-09	+21.0	1708-00
Sept	1697-00	+31.0	1698-80
November	1684-95	+10.5	1686

Sales: 4,086 (3,486).

ICO indicator prices for Nov. 23 (cents per pound): Other Mild Arabicas 206.00. Robustas ICA 1976 180.50. ICA 1968 179.75. Unwashed Arabicas 213.00. Comp daily ICA 1968 199.75.

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged on wheat and barley. In very thin trading conditions values eased mainly on country hedging of old crops and closed 15-25 pence lower on wheat and 25-30 pence lower on barley. Volume was very light with no real features, reported Acli.

WHEAT Mnth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan	97.20	-0.20	94.10	-0.30
Mar	101.65	-0.20	98.50	-0.30
May	105.50	-0.15	102.45	-0.05
Sept	98.50	+0.10	96.10	-0.05

Business done—Wheat: Jan. 97.45-97.20, March 101.75-101.70, May 105.75-105.60, Sept. 98.20-98.15. Sales 72 lots of 100 tonnes. Barley: Jan. 94.40-94.10, March 98.60-98.50, May 102.70-102.45, Sept. 96.15-96.00. Sales 125 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other milling wheat: E. Midlands 96.50. Feed barley: Eastern 92.30, Scotland 86.10. The UK Monetary coefficient for the week beginning Monday December 3 is expected to increase to 1.052.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Nov. 104.50, Dec. 105.75, Jan. 111.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Jan. 108.50, transhipment East Coast. EEC unquoted. Maize: U.S./French Nov. 117, Dec. 118, transhipment East Coast. S. African White unquoted. S. African Yellow Dec.-Jan. 79.25. Barley: English Feed fob Oct. 99.50, Jan.-March 102. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 25 1979	+ or —	Month ago
Metals			
Aluminium	£760/70		£750/60
Free Mkt (cs)	$1700/1750		$1750/80
Copper			
Cash w'bar	£968	-22.75	£947
3 mths	£993.5	-17.75	£959.5
Cash Cathode	£957.5	-21	£938.5
3 mths	£973	-21	£948
Gold troy oz	$394.375	+4.375	£379.875
Lead Cash	£540.5	-14.5	£580
3 mths	£536.5	-13	£570
Nickel	£3,183.22		£3,060.82
Freemkt(cif lb)	280/290c	-5	285/290c
Platin'm tr'y oz	£185.0		£181.0
Free mkt	£256.85	+1.05	£235.65
Quicksilv'r	$350/355		$350/60
Silver troy oz	755.50p	+11.45	755.60p
3 months	779.40p	+11.45	787.80p
Tin cash	£7,690	-50	£7,615
3 mths	£7,390	-5	£7,339.5
Tungsten	$148.40		$143.87
Wolfrm 22.04 cif	$152.60/158	-1.25	$140/144
Zinc cash	£331.5	+2.5	£353
3 months	£338.0		£334.75
Producers	$780	+3.75	$760
Oils			
Coconut (Phil)	$925.0r		$965.0
Groundnut			
Linseed Crude	£488		£478
Palm Malayan	$640.0z		$605.0
Seeds			
Copra Philip	$610	+15	$600
Soyabean (U.S.)	$303.10z		$265.0
Grains			
Barley Futures	£96.50	-0.50	£96.80
Maize			
French No3 AM	£117		£114.75
Wheat			
No. 1 Red Spg.			
No3 Hard Wint.	£108.50z		£100.70
Eng. Milling			
Other commodities			
Cocoa ship't	£1,010	+65	£1 451
Future Mar	£1,505.5	+47	£1,521
Coffee Ft're Jan	£1,771	+16.5	£1,880.5
Cotton A Index	81.55c	+0.2	77.20c
Rubber (kilo)	64.00p		60.25p
Sugar (Raw)	£168.0	+3.0	£158.0
Woolt'ps 64s kl	280p kilo		290p

*Nominal. † New crop. ‡ Unquoted. z Jan. v Feb. x Indicator. § Buyer.

RUBBER

The London physical market opened unchanged with little interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 231 (same) cents a kg (buyer, December).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec	65.00-65.30	64.65-64.75	64.10-65.30
Jan	65.35-65.40	65.10-65.20	......
Jan-Mar	66.15-66.45	66.00-66.10	66.49-65.10
Apr-Jne	68.15-68.25	68.15-68.20	68.40-68.10
Jly-Sept	70.30-70.35	70.00-70.20	71.00-70.35
Oct-Dec	72.30-72.40	72.35-72.50	72.75
Jan-Mar	74.35-74.40	74.75-74.85	......
Apr-Jne	77.00-77.20	76.25-76.60	......
Jly-Sept	78.50-80.50	80.60-80.00	80.60-80.50

Sales: 148 (225) at 15 tonnes 7 (7) at 5 tonnes.

Physical closing prices (buyer) were: Spot 64.00p (same); Jan. 65.25p (same); Feb. 67.25p.

SOYABEAN MEAL

The market opened unchanged and drifted lower on a quiet trade, reported T. G. Roddick. Disappointing follow through after Soviet meal purchases encouraged light long liquidation and prices finished with losses of £1.00.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
December	129.20-29.5	-0.20	129.70
February	129.00-29.2	-0.15	129.80-29.00
April	128.00-28.5	-0.50	129.00-28.00
June	127.00-28.0	-0.50	......
August	127.50-27.0	-0.55	......

Sales: 30 (96) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £160.00 (same) a tonne cif for Nov.-Dec.-Jan. shipments. White sugar daily price was £182.50 (£180.50).

The initial weakness of sterling caused the market to open some £1.50 above pre-weekend levels. However, there was a lack of buying interest at the highs and prices soon declined. Losses of up to £5.00 were recorded before support was uncovered and the market had recovered some £2 from the low points by the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec	165.90-66.05	165.65-66.60	171.00-67.00
March	175.45-75.55	176.25-76.55	178.00-74.00
May	176.70-76.80	180.00-80.25	182.00-78.00
Aug	180.20-80.25	183.25-83.50	184.00-80.50
Oct	183.75-83.50	186.75-86.50	184.00-83.60

Sales: 5,714 (3,797) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £249.50 (£252.00) for export.

NUMBER 4 CONTRACT—Close (in order buyer, seller only): May 182.00, 182.50; Aug. 182.00, 182.90; Oct. 182.05, 182.25; Jan. 179.00, 181.00; March 181.50, 182.00; May 181.00, 181.80. Sales 470 (1,025).

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for November 23. Daily price 14.09 (13.91); 15-day average 13.58 (13.51).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 183.00, 188.00, 184.40, 40; April 185.00, 189.00, nil, nil; July 186.00, 195.00, nil, nil; Sept. 190.00, 197.00, nil, nil; Nov. 181.00, 196.00, nil, nil; Feb. 193.00, 202.00, nil, nil; April 195.00, 205.00, nil, nil. Sales 40.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 66.0; Eire hindquarters 67.0 to 70.0, forequarters 43.0 to 44.0. Veal: Dutch hinds and ends 106.0 to 111.0. Lamb: English small 46.0 to 52.0, medium 44.0 to 48.0, heavy 36.0 to 43.0; Scottish medium 42.0 to 47.0, heavy 38.0 to 42.0; Imported frozen: New Zealand PL 52.0 to 52.5. Pork: English, under 100 lb 46.0 to 52.0, 100-120 lb 45.0 to 51.0, 120-160 lb 42.0 to 50.0. Hares: English large (each) 250.0. Partridges—Young (each) 150.0 to 210.0. Pheasants—Best (per brace) 310.0 to 390.0.

MEAT COMMISSION—Average fatstock prices at representative markets week ending November 24. GB cattle 73.00p per kg lw (+0.18); UK sheep 118.4p per kg est dcw (—4.9); GB pigs 75.8p per kg lw (+0.1). England and Wales: Cattle numbers down 7.8 per cent, average price 73.40p (+0.17); Sheep numbers down 6.1 per cent, average price 117.1p (—4.2); Pig numbers up 2.2 per cent, average price 75.9p (+0.1). Scotland: Cattle numbers down 0.9 per cent, average price 76.26p (+0.22); Sheep numbers up 1.3 per cent, average price 128.3p (—0.0); Pig numbers up 6.9 per cent.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. English Produce: Potatoes—Per bag 2.00-2.80. Lettuce—Per 12, round 1.00-1.10. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Bramley 0.08-0.10, Worcester Pearmain 0.08, Cox's Orange Pippin 0.05-0.12, Russets 0.08-0.10, Golden Delicious 0.05-0.08, Jonathon 0.04-0.06. Pears—Per pound Conference 0.08-0.12, Comice 0.11-0.15. Cauliflowers—12's Kent 3.80-4.20. Celery—Per box 12/18/20's 1.20-1.60. Carrots 22 lb per bag 0.90-1.30.

TEA AUCTION

LONDON TEA AUCTION—47,776 packages were offered at yesterday's auction. Demand was fairly good but less general. Assams ranged down by some 4p per kilo and teas were sold below the best prices. Quality and nice liquoring lines were quoted. The four dozen offered were well supported.

EUROPEAN MARKETS

ROTTERDAM, November 26.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Jan. $216, Feb. $218, March $220. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Jan. $209, Feb. $211, March $213. U.S. No. 2 Northern Spring, 14 per cent, Nov. $204, Dec. $209, Jan. $221, Feb. $226, March $229, April-May $209.

Maize—U.S. No. 3 Corn Yellow afloat $147, Nov. $146, Dec. $146.75, Jan.-March $154.25, April-June $156.75, July-Sept. $159, Oct.-Dec. $161.

Barley—Unquoted.

Soyabeans—U.S. 2 Yellow Gulfports Nov. $285.50, Dec. $286, Jan. $291, Feb. $297.75, March $298.75, April $302.75, May $301.25, June $303.75, July $308.75, Aug. $310.50, Sept. $311, Oct. $311.75, Nov. $311.25, Dec. $316.50. Brazil Yellow Feq unquoted. Argentine May $298, June $298, July $298.50.

Soyameal—44 per cent protein U.S. afloat $264.50, Nov. $265, Dec. $263, Jan.-March $261, April-Sept. $259. Brazil Pellets afloat $274.50, March $270, April-May $260, April-Sept. $261.50.

PARIS, November 26.

Cocoa (FFr per 100 kilos)—Dec. 1360-1364, March 1311-1314, May 1321-1323, July 1312, Sept. 1320-1338, Dec. 1335-1350. Sales at call 7.

Sugar (FFr per 100 kilos)—March 1635-1641, May 1648-1650, July 1645-1665, Aug. 1650-1680, Oct. 1665-1695, Nov. 1650-1695, Dec. 1650-1700, March 1665-1710. Sales at call 8.

AMERICAN MARKETS

NEW YORK, November 26.

THE REPORTED decline in the U.S. prime bank rate was sufficient to put some pressure on gold and kept advances in silver very moderate. Copper was down the limit on sustained commission house selling. Massive profit-taking and commission house selling depressed sugar prices sharply. Heavy country and terminal market receipts stimulated trade and professional selling with local or near-limit losses across the board in the entire livestock complex. A general sharp sell-off in all grains and soyabeans developed in response to bearish supply and demand statistics. Coffee found support on reports of flooding and destruction of coffee in the Columbian coffee producing areas. Sugar closed limit down under heavy selling pressure. Profit-taking and aggressive selling by commission houses produced heavy pressure on cotton. Cocoa was firm on lack of producer selling and heavy commission house buying, Heinold reported.

Potatoes (round whites)—March 76.0 (75.9), April 80.0 (80.5), May 102.2-102.5. Nov. unquoted. Sales: 865.

Tin—790.00-791.00 asked (789.00-790.00).

CHICAGO, November 26.

Lard—Chicago loose 23.25 (same). New York prime steam unavailable.

Live Cattle—Dec. 69.82 (71.32-69.82), Jan. 71.65 (73.15-71.65), Feb. 73.40-73.35, April 73.95, June 74.65-74.57, Aug. 73.35, Oct. 72.70, Dec. 73.60. Sales: 24,469.

Live Hogs—Dec. 41.80-41.90 (42.57-41.25), Feb. 43.65-44.00 (44.47-43.92), April 41.80-41.90, June 44.40-44.45, July 45.40-45.45, Aug. 44.50, Oct. 43.60, Dec. 44.90, Feb. 46.90. Sales: 7,889.

‡Maize—Dec. 272¼-272⅛ (276⅛), March 289¾-289¼ (293⅛), May 300¼-301, July 306¼-307, Sept. 310-310¼, Dec. 311¾-312.

Pork Bellies—Feb. 51.97 (53.97-51.97), March 52.35 (54.35-51.35), May 53.80, July 55.05, Aug. 53.60. Sales: 8,464.

Silver—Nov. 1631.0 (1628.5), Dec. 1638.0 (1633.0), Feb. 1665.0, April 1722.0, June 1760.0, Aug. 1789.0, Oct. 1818.0, Dec. 1847.0, Feb. 1876.0, April 1905.0, June 1934.0, Aug. 1963.0, Oct. 1992.0, Dec. 2018.0, Feb. 2047.0, April 2076.0, June 2105.0, Aug. 2134.0.

Soyabeans—Dec. 680-685 (683), March 681-680½ (691¼), May 710, July 724¼-725, Aug. 731, Sept. 733, Nov. 740½, Jan. 756½.

‖Soyabean Meal—Dec. 193.00-193.50 (195.50), Jan. 194.20-194.50 (198.00), March 195.50-195.30, May 198.80-198.70, July 199.80, Aug. 201.00-201.30, Sept. 202.00, Oct. 204.20-206.50, Dec. 208.30-207.00, Jan. 211.00-211.50.

Soyabean Oil—Dec. 26.35-26.30 (27.22), Jan. 25.80-25.85 (26.88), March 25.55-25.90, May 25.90, July 25.45-25.50, Aug. 25.40-25.50, Oct. 25.45-25.65, Dec. 25.55-25.60, Dec. 25.85-25.65, Jan. 25.80.

‡Wheat — Dec. 426-425½ (437¼), March 448-448½ (457¼), May 442½-442, July 416-420, Sept. 421.

WINNIPEG, November 26. §Barley—Dec. 117.00 (117.70), March 110.80 (117.40-117.60), May 115.20, July 115.20, Oct. 113.80.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. ‡ Cents per 56-lb bushel. ‖ Cents per 60-lb bushel. § $ per short ton. ‖ $ per metric ton. §§ $ per 1,000 sq. feet. ¶ Cents per dozen.

INDICES

FINANCIAL TIMES

Nov. 26	Nov. 23	M'nth ago	Year ago
297.18	290.03	297.79	268.96

(Base: July 1, 1952=100)

MOODY'S

Nov. 26	Nov. 23	M'nth ago	Year ago
1168.1	1148.5	1148.5	995.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 23	Nov. 21	Month ago	Year ago
Spot	413.56	410.26	397.06	387.40
F'tur's	425.89	421.48	400.87	396.03

(Average 1924-25-26=100)

REUTERS

Nov. 26	Nov. 23	M'nth ago	Year ago
1690.0	1693.5	1659.8	1094.7

(Base: September 18, 1931=100)

ported and dearer. Africans were initially irregular and easier but closed often firm to dearer, apart from plain liquoring, poor leaf types. Quality Sri Lankans were about firm but others were easier. Quotations: Quality 188p per kilo (182); Medium 112p (118); Plain 66p (70).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 65 tonnes. Dealings were still light and few orders offered by users tended to weaken. Minor operations were mentioned in African and various Middle Eastern styles.

WOOL FUTURES

BRADFORD WOOL—Prices for tops remain unchanged and business overall is reported to be modest. Buyer.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 418.0, 420.0, 420.0-420.0, 2; March 445.0, 450.0, 446.0-445.0, 42; May 455.1, 455.5, 460.0-445.0, 53; July 464.0, 465.5, 464.1; Oct. 465.5, 466.0, 467.0; Dec. 465.0, 469.0, 469.5, 467.0; March 469.5, 470.0, 467.0; May 469.5, 18; May 471.0, 471.5, 472.0. Sales 201.

LONDON GREASY WOOL—Close (in order buyer, seller only): Dec. 218.0, 230.0; March, May, July, Oct., Dec. and March 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only): Dec. 206.0, 212.0; March, May, July, Oct., Dec. and March 203.0, 208.0.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.00, codlings £2.50-£4.50. Large haddock £3.50-£4.40, medium £3.20-£4.00, small £2.50-£3.20. Large plaice £4.70, medium £4.50-£5.00, best small £4.00-£5.00. Skinned dogfish (large) £9.00, medium £8.00. Lemon soles (large) £10.00, medium £9.00. Rockfish £2.60-£3.20. Rads £2.50-£3.10. Saithe £1.80-£4.00.

Wage awards unsettle markets but Gilts pick up late on U.S. interest rate cuts—Oil Exploration drop sharply

Account Dealing Dates

Options *First Dealings	Declarations	Last Dealings	Account Day
Nov. 19	Dec. 6	Dec. 7	Dec. 17
Dec. 10	Dec. 26	Dec. 27	Jan. 7
Dec. 28	Jan. 10	Jan. 11	Jan. 21

* " New time " dealings may take place from 9.30 am two business days earlier.

The inflationary implications of the wage award to BOC International and Ford workers unsettled stock markets yesterday. These were not the only adverse influences, however, sentiment also being disturbed by the recent extraordinary amount of Government funding and by another gloomy forecast on UK economic prospects.

Government securities became extremely sensitive following the authorities' issue of new stocks totalling some £2.8bn within the space of eight days. With both the longs and mediums controlled by the presence of actual or proposed tap stock, investment confidence was at a low ebb and selling from investors nervous about short-term market prospects soon extended early falls.

Trade throughout the funds was much reduced on recent levels. The absence of any weight of fresh selling encouraged an afternoon rally but the ground regained was given up before the close, although quotations were edging away from the lowest in the after-hours' dealings and perked up considerably late in the evening on cuts in U.S. Prime and other interest rates.

The £20-paid Treasury 13¼ per cent 2000/03 A, for instance, was quoted at £22½ as against £21⅞ earlier, while many other longs were adjusted higher by similar amounts. Variable coupon issues featured the shorts, a persistent hedging demand throughout the session bringing gains ranging to ⅛.

Leading shares came under the influence of events in secondary Oils where the announcement of the withdrawal of the prospective third-party bidder for Oil Exploration decisively cooled recent speculative ardour. Only when secondary oils began a rally — the Oil majors held firm all day — did the equity leaders adopt a similar line. After showing a loss of 3.4 at noon, the FT 30-share index closed only 1.5 down on balance at 407.1.

Oil Exploration dropped to 674p in animated trading prior to settling 110p down on the day at 690p, while prospective merger partner LASMO recovered from 348p to end a net 32 off at 366p.

Demand for Traded options fell to negligible levels. Contracts completed amounted to 252, the lowest since late September and compared with last week's daily average of 584.

Conder, the steel frames construction concern which made a successful market debut on Friday, ran into profit-taking and shed 5 to 101p; the shares were placed at 90p.

Discounts dull

Discounts drifted lower for the fifth consecutive trading day, still on fears that the recent rise in interest rates and the gilt market collapse has left them exposed to heavy losses. Closing levels were above the day's lowest, but Seccombe Marshall and Campion, at 180p, sustained a fresh fall of 10, while Gerrard and National lost 6 to 188p. Union dipped 5 to 302p as did Allen Harvey and Ross, to 275p, after 270p. Gillett Bros. eased 4 more to 188p and Clive 3 further to 59p.

The major clearing banks remained unsettled by last Friday's reports that Iran's foreign debt obligations will not be paid. Barclays, 388p, and Lloyds, 270p, declined 2 apiece but Midland closed unaltered at 320p, after 318p. Merchant banks failed to show a definite trend. Arbuthnot Latham added 4 to 154p but Hill Samuel lost that much to 77p.

A firm market of late on the announcement that the Swiss Reinsurance Company of Zurich had acquired a near 17 per cent stake, Trade Indemnity featured Insurances yesterday with a fall of 20 to 155p. Elsewhere, Royals firmed 7 to 312p but Provident Life fell 6 to 132p.

Demand for Breweries remained at a low ebb, the leaders showing little alteration from previous closing levels. *Allied*, a penny off at 79p, continued dull ahead of today's mid-term statement. Among secondary issues, Matthew Brown, interim results tomorrow, shed 4 to 130p, but Wolverhampton and Dudley put on 4 to 267p in front of next week's preliminary results. With the exception of Distillers, a couple of pence lower at 213p, Wines and Spirits attracted scant interest.

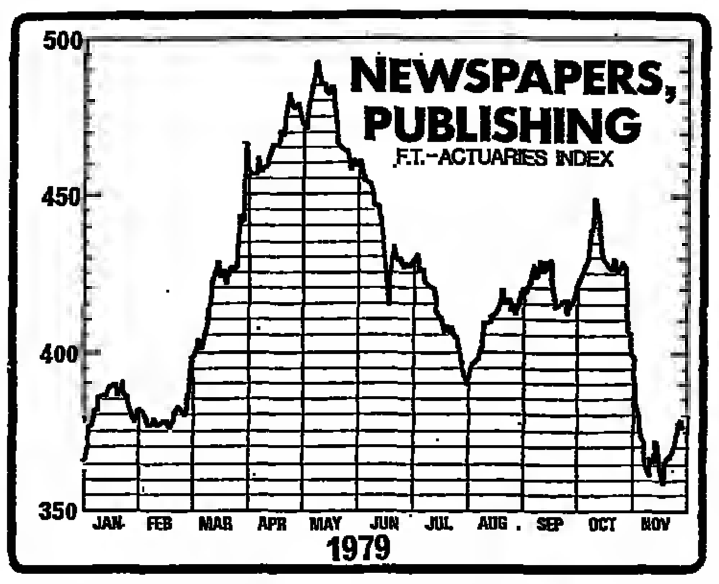
Leading Buildings closed narrowly mixed following a subdued day's trading, but certain secondary issues again gave ground as small selling persisted. Still reflecting the rise in mortgage rates, Barratt Developments shed 3 to 107p and Federated Land and Building eased a penny to 54p. A. Monk, however, benefited from favourable weekend Press comment and added 3 to 43p, after 44p. Interim trading statements prompted contrasting movements in G. H. Downing and Burnett and Hallamshire, the former falling 8 to 102p on the reduced profits, but the latter firming 10 to 440p in response to the encouraging accompanying statement. In Timbers, renewed selling left May and Hassell 4 cheaper at a 1979 low of 57p and, reflecting selling that developed late on Friday, James Latham shed 20 to 150p in a restricted market.

Neglected in early trading, ICI attracted increased business as the session progressed and finished a penny better on balance at 351p, after 347p. Stewart Plastics responded to the appearance of a few buyers and put on 3 to 67p.

Debenhams better

Press suggestions that the group is about to sell its Harvey Nichols store in Knightsbridge for £25m prompted a modest rally in recently weak Debenhams which closed a penny better at 63p. Elsewhere in Stores, Burton A, firm last week on the enfranchisement proposals, added 2 to 220p following Press comment but Wallis at 38p, lost that much after further adverse comment ahead of the interim results, due soon. Home Charm dipped 3 to 121p as did Currys, to 166p, and Status Discount, to 57p. Renewed speculative support lifted B and Q Retail 3 more to 85p, while John Michael revived with an improvement of a similar amount to 30p. In irregular Shoes, Stylo firmed 5 afresh to 170p but George Oliver A shed 2 to 83p. Revived demand ahead of Thursday's preliminary results left Muirhead 11 to the good at 255p. Elsewhere in Electricals, favourable Press mention prompted an improvement of 2 to 197p in Automated Security. Cableform firmed 3 to 72p and Petbow hardened 2 to 55p. In contrast, Ward and Goldstone gave up 2 to a low for the year of 67p, while falls of a similar amount were marked against STC, 224p, and Kode, 183p. Inclined easier at the start, the leaders gradually edged up and final quotations were little altered on balance. GEC ended a penny firmer at 328p, after 325p, while Racal finished that amount down at 217p, after 215p.

A fresh rise of 13 to 260p in Averys on the success of GEC's 265p cash bid provided one of the few worthwhile movements in the Engineering sector. Among the leaders, Tubes encountered scattered offerings and drifted off to close 4 cheaper at 254p, while John Brown, 53p, and GKN, 238p, both ended a shade lower.



Elsewhere, the increased annual profits and dividend left Concentric 4½ higher at 39p, while revived demand prompted a rise of 2 to 51p in Anderson Strathclyde. Glynwed hardened a penny to 79p following favourable week-end Press mention. On the other hand, occasional selling left CompAir 3½ lower at 58p and Expanded Metal, down at 50p.

In quiet Foods, and offerings left Associated Dairies 4 cheaper at 150p and clipped 3 from British Sugar to 140p. Outside the leaders, Linfood continued to attract attention and put on 4 more to 156p, while Fitch Lovell improved 2 to 73p following favourable Press comment. Dealings in Morgan Edwards and Louis C. Edwards were suspended at 75p and 38p respectively at the companies' requests; discussions are in progress which may lead to a merger.

Sothebys good

As on Friday, features were few and far between in the miscellaneous industrial sector. Sothebys stood out with a rise of 25 to 390p on renewed investment support, while Applied Computer continued firmly at 237p, up 7. Chamberlain Phipps added 2 to 41p following the interim results. Recently favoured for its North Sea-oil interests, National Carbonising hardened 2 more to 122p following Press comment but Alfred Dunhill fell 10 further to 325p, with sentiment still soured by the disappointing interim results. Suspended at the beginning of this month at 55p, dealings in Dundonian were resumed yesterday following completion of the acquisition from Johnson and Firth Brown of a major part of the latter's property division, comprising Algrey Developments and certain freehold developments; opening at 39p ex the one-for-one rights issue at 20p, the shares eased to 29p before closing at 32p, while the new nil-paid closed at 12p premium. European Ferries came on offer at 95½p, down 3, while ICL lost 6 to 400p and Cape Industries cheapened 4 to 207p. Of the narrowly mixed leaders, Beecham drifted down to a 1979 low of 115p initially on further consideration of the poor interim results but rallied to close 2 harder on balance at 118p. Bowater eased 2 to 140p and Pilkington gave up 5 to 240p.

News that company director Mr. Bernard Coral had been charged with conspiracy to pervert the course of justice prompted weakness in Coral shares which dropped 9 to a 1979 low of 62p. Worries that Ladbroke might lose its casino appeal hearing following Friday's court disclosures left the shares languishing at 144p, down 7. On a more optimistic note in the Leisure sector, Howard and Wyndham, at 14p, recovered nearly all of Friday's fall of 3½ on second thoughts about the annual results, while Hawley Leisure responded to favourable Press comment with a gain of 2½ to 38p.

Among easier Motors, Lucas eased to 204p before late support left the shares unchanged at 208p. Dunlop shed a penny to 49p, while Dowty gave up 3 to 130p. Armstrong Equipment were also dull, declining 2 to 46½p. In Distributors, Caffyns added 2 to 128p but the general trend was again to lower price levels, Lex Service fell 2½ to 84½p, while Harold Perry eased 3 to 121p.

calculating property values depressed certain issues in the sector. Hammerson A were particularly vulnerable at 885p, down 20, after 880p. Land Securities cheapened 4 to 244p, after 243p, and MEPC shed 2 to 140p. Capital and Counties and City Offices gave up 3 apiece to 73p and 66p respectively, while adverse Press comment clipped ½ from Town and City to 15½p.

Oil Ex fall sharply

Oil shares again provided one of the markets main sources of interest yesterday. Fresh activity, particularly in second-line issues, was sparked off by an early announcement that the unnamed bidder's talks with Oil Exploration had proved abortive. Oil Exploration fell away to 674p before rallying to finish 110 down on the day at 690p, while merger partners Lasmo closed 32 off at 366p, after touching 348p. Carwoods, which has a stake in Lasmo, weakened 14 to 146p, while Atlantic Assets fell 11 to 135p, after 130p, and Premier Consolidated 4 to 42p. Helped by favourable Press mention, renewed support was forthcoming for Tricentrol which advanced 10 to 284p. Among the leaders, British Petroleum traded firmly at 378p, up 12, with the partly paid new shares 6 firmer at 170p; the third-quarter figures are due on Thursday. Shell edged up 4 to 350p.

In Overseas Traders, J. E. Sanger fell 2½ to 16½p following the continuing losses and the passed final dividend. Press comment failed to inspire S. & W. Berisford, a shade lower at 158p, while James Finlay, a good market last week, ran into profit-taking and eased 3 to 71p.

Shippings were inclined easier on lack of support. Stag Line, however, fell 11 to 140p in a thin market on the pre-tax loss.

A shade easier before the announcement, Dawson International rallied to end a net penny better at 86p following the satisfactory interim profits and encouraging statement. Elsewhere, Textiles tended to drift downwards in a quiet business. Tomkinsons Carpets fell 3 to 45p after labour cutbacks in its Axminster division; the annual results are expected on Friday. Thoughts that David Dixon will have to raise the offer price to gain control of Montfort left the former a couple of pence off at 114p.

Golds edge up

Mining markets began the week in subdued fashion. South African Gold shares edged higher in quiet trading as small Continental buying interest followed the $2.375 rise in the bullion price to $394.875 an ounce. The Gold Mines index put on 3.6 to 219.7.

Heavyweight Golds registered improvements of up to ⅜ with gains of that amount common to Hartebeest, £21, President Brand, £12, St. Helena, £11½ and Western Holdings, £18⅜.

Medium and lower-priced issues showed minor gains with the exception of Durban Deep and East Rand Proprietary; the former rose 36 to 648p and the latter 29 to 555p both following a good demand from Continental sources.

Financials were quietly mixed. Gold Fields staged a strong recovery after an uncertain start and were finally unchanged at 340p, after having fallen to 332p in the early trading; the annual meeting is to be held today at London's Dorchester Hotel at 11.30. Rio Tinto-Zinc lost 5 to 300p with sentiment affected by the downturn in UK industrials.

South African Financials attracted little interest but prices were sustained by the performance of Gold shares.

Gold Fields of South Africa continued to make progress and put on ¼ more to a 1979 high of £25.

Business in Australians was minimal with investors deterred by a fresh downturn in overnight Sydney and Melbourne markets.

Pancontinental rose 25 to 712p in response to news that the company is to embark on an oil and gas exploration venture in Western Canada.

In Tins, Malayan Tin, 455p, and Southern Malayan, 355p, advanced 25 and 15 respectively following their latest dividend announcements.

FINANCIAL TIMES STOCK INDICES

—	Nov. 26	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 19	A year ago
Government Secs.	64.09	64.48	64.61	64.62	65.01	65.49	68.58
Fixed Interest	65.45	65.60	65.68	65.70	65.78	65.87	69.89
Industrial	407.1	408.6	411.0	415.0	407.7	411.5	484.5
Gold Mines	219.7	216.1	216.6†	213.7	206.2	206.2	129.8
Ord. Div. Yield	7.93	7.87	7.82	7.79	7.88	7.84	5.94
Earnings, Yld. % (full)	19.15	19.19	19.18	19.05	19.27	19.16	15.58
P/E Ratio (net) (*)	6.45	6.41	6.43	6.46	6.38	6.42	8.29
Total bargains	16,469	16,450	16,102	16,551	19,310	20,886	—
Equity turnover £m	—	73.93	82.90	72.73	67.20	78.21	66.82
Equity bargains total	—	11,420	11,626	10,963	11,737	12,366	15,640

10 am 406.1. 11 am 405.5. Noon 405.2. 1 pm 405.2. 2 pm 405.2. 3 pm 405.3.

Latest Index 01-246 8026.

*Nil=6.19.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

†Correction.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	63.51 (15/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	64.06 (15/11)	159.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 26	Nov. 23
—Daily		
Gilt Edged	188.4	148.8
Industrials	101.5	96.6
Speculative	32.5	21.1
Totals	84.4	74.7
5-day Average		
Gilt Edged	177.9	193.1
Industrials	98.7	99.9
Speculative	19.2	33.2
Totals	80.9	88.6

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (5)

FOREIGN BONDS (1)

Antofagasta Railway

AMERICANS (1)

Fluor Corp.

INDUSTRIALS (1)

Applied Computer Tech.

MINES (1)

Gold Fields S.A.

NEW LOWS (107)

BRITISH FUNDS (7)

AMERICANS (4)

BANKS (10)

BEERS (2)

BUILDINGS (9)

CHEMICALS (2)

DRAPERY & STORES (4)

ELECTRICALS (6)

ENGINEERING (16)

FOODS (1)

HOTELS (1)

INDUSTRIALS (23)

INSURANCE (1)

LEISURE (3)

MOTORS (2)

NEWSPAPERS (1)

PAPER & PRINTING (1)

SHIPPING (1)

TEXTILES (2)

TOBACCOS (1)

OVERSEAS TRADERS (2)

MINES (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	77	5
Corpns., Dom. and Foreign Bonds	3	23	40
Industrials	139	322	941
Financial and Prop.	51	151	289
Oils	10	18	12
Plantations	3	2	23
Mines	63	14	70
Others	80	20	53
Totals	352	627	1,444

Britain to take more refugees

THERE ARE about 3,000 Vietnamese refugees in Britain, with a further 10,000 due to arrive within the next two years, Lady Young, Minister of State for Education and Science, said in *London* yesterday.

The 10,000, now in Hong Kong, have been accepted for admission. The Government is also considering whether the Vietnamese can be given education grants.

Lecturer wins Castrol award

MR. ROY CLIFTON, senior lecturer in plant engineering at the Mid Kent College of Higher and Further Education, has won the 1979 Burmah-Castrol award for his paper on the application of data capture systems to planned lubrication.

The award—a silver medal and a cheque for £200—is made annually for the most original and constructive paper of not more than 5,000 words on a set subject.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon., Nov. 26, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Nov. 23 Index No.	Thur., Nov. 22 Index No.	Wed., Nov. 21 Index No.	Tues., Nov. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (173)	204.30	-0.3	21.02	7.33	6.05	204.83	204.95	205.20	203.97	232.84
2	Building Materials (27)	194.57	-0.5	20.62	7.22	6.26	195.52	196.07	196.65	196.73	198.72
3	Contracting, Construction (29)	328.14	-0.3	28.18	7.45	4.31	323.13	321.65	328.38	318.22	368.34
4	Electricals (15)	534.32	-0.1	15.17	4.37	8.62	534.90	533.58	533.97	528.97	542.85
5	Engineering Contractors (11)	257.87	+0.1	27.78	9.47	4.66	257.59	258.71	268.41	259.08	369.05
6	Mechanical Engineering (75)	138.29	-0.4	23.73	9.17	5.24	138.80	139.15	139.52	138.68	182.35
8	Metals and Metal Forming (16)	135.76	-0.2	23.87	11.07	5.09	136.06	135.98	136.19	135.20	163.58
	CONSUMER GOODS										
11	(DURABLE) (52)	194.88	-0.9	18.98	6.17	6.54	196.71	196.51	195.22	193.28	205.43
12	Lt. Electronics, Radio, TV (15)	272.52	-0.9	14.84	4.62	8.64	275.10	274.56	271.95	269.85	255.24
13	Household Goods (14)	112.86	+0.1	26.82	9.49	4.51	112.73	113.44	114.97	113.06	172.20
14	Motors and Distributors (23)	98.00	-1.1	26.90	9.06	4.45	99.14	99.11	98.67	97.33	121.08
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	202.93	-0.4	19.56	7.18	6.34	203.67	204.71	204.73	203.12	209.02
22	Breweries (14)	252.17	-0.2	17.86	6.15	6.68	252.58	257.25	257.85	256.35	226.57
23	Wines and Spirits (6)	298.82	-0.8	18.66	6.13	6.62	301.14	302.80	303.64	299.58	286.61
24	Entertainment, Catering (17)	257.67	-1.6	17.91	7.00	7.26	278.44	277.71	272.58	271.38	261.29
25	Food Manufacturing (18)	185.79	-0.3	21.87	7.43	5.65	186.39	187.42	186.75	185.41	204.30
26	Food Retailing (15)	274.96	-0.6	14.56	4.94	8.24	276.49	277.56	276.65	273.84	224.02
32	Newspapers, Publishing (12)	376.52	-0.3	15.29	7.73	8.48	377.85	377.81	373.23	367.34	364.15
33	Packaging and Paper (15)	112.35	-0.6	26.43	10.89	4.87	113.07	113.14	114.03	113.00	135.61
34	Stores (41)	193.57	-0.3	15.65	5.80	8.35	194.12	194.21	194.20	192.20	196.56
35	Textiles (23)	130.84	-0.2	28.20	12.35	4.48	133.15	133.17	130.39	128.47	179.07
36	Tobaccos (3)	204.43	+0.2	27.88	10.91	4.05	203.94	205.52	203.98	203.29	295.60
37	Toys and Games (6)	51.06	-0.3	32.06	14.02	3.94	51.21	50.67	50.49	50.71	95.25
41	OTHER GROUPS (98)	179.92	-0.1	17.35	7.39	7.03	180.07	181.26	181.94	178.91	195.56
42	Chemicals (18)	270.38	+0.4	17.97	7.27	6.74	269.31	273.32	271.28	263.30	277.00
44	Pharmaceutical Products (7)	193.46	-0.6	11.63	6.31	9.37	194.63	193.80	191.65	197.78	283.46
45	Office Equipment (6)	101.45	-0.7	19.67	8.31	6.34	102.21	102.19	102.79	102.32	131.16
46	Shipping (10)	399.90	-1.1	13.26	8.06	9.62	404.99	404.27	406.68	403.47	405.29
47	Miscellaneous (57)	205.16	-0.7	19.11	7.57	6.67	206.66	208.03	209.60	204.53	212.04
49	INDUSTRIAL GROUP (493)	203.49	-0.3	19.35	7.19	6.43	204.13	204.92	205.09	203.15	212.98
51	Oils (7)	752.00	+2.2	15.03	6.40	7.19	736.09	733.68	731.01	731.49	531.33
59	500 SHARE INDEX	246.52	+0.2	18.37	7.01	6.59	245.93	246.50	246.45	244.63	243.91
61	FINANCIAL GROUP (117)	167.55	-0.5	—	6.54	—	168.33	170.03	169.86	167.23	166.94
62	Banks (6)	200.50	-0.4	41.63	6.39	3.11	201.24	204.31	205.82	202.98	192.44
63	Discount Houses (10)	194.95	-3.9	—	10.17	—	198.67	209.43	212.50	212.01	209.00
64	Hire Purchase (5)	153.73	-0.5	25.04	5.66	5.49	154.43	156.15	153.75	153.68	170.82
65	Insurance (Life) (10)	142.96	+0.1	—	7.36	—	142.77	142.52	142.97	138.89	136.66
66	Insurance (Composite) (8)	112.96	+0.8	—	9.63	—	112.01	112.69	112.84	110.85	125.71
67	Insurance Brokers (10)	244.31	-0.2	20.42	7.99	7.82	245.60	245.47	247.53	240.56	297.62
68	Merchant Banks (14)	84.66	-1.5	—	7.04	—	85.96	86.14	85.47	85.12	76.32
69	Property (44)	289.65	-1.6	4.42	3.58	32.88	294.35	297.72	295.74	289.69	256.95
70	Miscellaneous (10)	114.89	-1.1	16.53	7.88	7.87	116.18	116.34	114.84	114.74	106.86
71	Investment Trusts (109)	179.61	-0.4	—	6.68	—	180.33	180.57	180.02	177.78	206.76
81	Mining Finance (4)	145.14	-0.7	15.33	5.88	7.52	146.16	145.70	142.97	141.91	101.65
91	Overseas Traders (20)	306.91	-0.3	16.82	8.84	7.56	307.69	328.07	306.66	306.27	297.72
99	ALL-SHARE INDEX (750)	224.79	—	—	6.93	—	224.68	225.47	225.20	223.25	222.65

FIXED INTEREST PRICE INDICES

	British Government	Mon., Nov. 26	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	99.72	-0.38	—	8.32
2	5-15 years	102.38	-0.69	0.12	9.47
3	Over 15 years	106.62	-0.82	—	12.28
4	Irredeemables	116.83	-0.42	—	12.38
5	All stocks	102.61	-0.62	0.03	10.07

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Mon., Nov. 26	Fri., Nov. 23	Year ago (approx.)
1	Low Coupons	5 years		*12.58	9.56
2		15 years		*12.75	11.52
3		25 years		*12.93	12.19
4	Medium Coupons	5 years	15.07	14.82	12.64
5		15 years	14.67	14.51	12.72
6		25 years	14.34	14.25	12.72
7	High Coupons	5 years	15.52	15.32	12.60
8		15 years	15.07	14.91	13.26
9		25 years	14.69	14.56	13.31
10	Irredeemables		12.53	12.47	12.08

		Mon., Nov. 26 Index No.	Mon., Nov. 26 Yield %	Fri. Nov. 23	Thur. Nov. 22	Wed. Nov. 21	Tues. Nov. 20	Mon. Nov. 19	Friday Nov. 16	Thurs. Nov. 15	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	48.43	†14.94	48.47	49.60	51.66	51.63	51.69	51.44	51.30	55.15
16	Investment Trust Prefs. (15)	45.91	14.68	46.51	48.43	48.15	44.64	42.85	48.80	43.09	51.25
17	Coml. and Indl. Prefs. (20)	60.56	14.80	60.61	60.58	61.06	60.70	59.97	59.11	59.29	71.43

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p. ● Corrected ...

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Oil Exploration...	10p	17	690	−110	805	210
LASMO	25p	13	366	−32	398	124
BP 'New'	25p	9	170	+ 6	170	150
Nat. Carbonising	10p	8	122	+ 2	122	40
Tricentrol	25p	8	284	+10	284	148
Conder Intl. 'New'	25p	7	101	− 5	110	101
Premier Cons.	5p	7	42	− 4	49	13
Euro. Ferries	25p	6	95½	− 3	183	92
ICI	£1	6	351	+ 1	415	314
P. & O. Defd.	£1	6	100	—	119	71
Burmah Oil	£1	5	174	− 2	197	82
Cons. Gold Fields	25p	5	340	—	340	178
Coral Leisure	10p	5	62	− 9	133	62
Grand Met.	50p	5	122	− 1	178½	110½
Metal Box	£1	5	240	—	358	226

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 26	Dec. 7	Mar. 6	Mar. 17
Dec. 17	Dec. 28	Mar. 20	Mar. 31
Jan. 7	Jan. 18	Apr. 10	Apr. 21

For rate indications see end of Share Information Service

In a more active business than of late, Call options were completed in Ultramar, BP "new," Premier Oil, Tricentrol, National Carbonising, S. and W. Berisford, Ladbroke, Norfolk Capital, Charterhall, Woodside, Coral Leisure, UDT, MEPC, A. Monk, Atlantic Assets, British Assets, Wilson Walton, Queens Moat Houses, LRC, Cableform, Marshall Cavendish, ICI, De Beers Deferred, Marks and Spencer, Vickers, Lesney, P & O. Deferred and Johnson Firth Brown. No puts were reported, but doubles were arranged in Ladbroke, Coral Leisure, RTZ, Consolidated Gold Fields, Howard and Wyndham "A," Charterhall and Whessoe.

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	325	56	10	73	—	—	—	377p
BP	350	44	20	60	—	—	—	
BP	375	28	9	56	—	—	—	
BP	400	12	11	27	7	—	—	
Com. Union	140	5	—	7	1	10	—	135p
Cons. Gold	360	15	56	29	—	38	—	340p
Grand Met.	140	—	—	8½	—	11	—	122p
ICI	300	60	5	64	—	—	—	350p
ICI	350	11	5	21	—	—	—	
ICI	390	6	—	11	—	—	—	
ICI	420	1	—	2½	—	—	—	
Land Secs.	240	15	—	20	55	—	—	244p
Shell	390	—	—	21	26	10	—	348p
Totals			118		45		26	

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
Boots	160	1½	—	10	4	15	—	158p
EMI	120	15	8	15	—	17	—	133p
EMI	130	5	—	9	—	12	—	
EMI	140	1	—	5	—	9	—	
Imperial Gp.	70	—	—	9	—	9½	1	79p
Imperial Gp.	100	1½	10	1½	—	2	—	
RTZ	260	42	—	55	—	68	8	300p
RTZ	280	22	—	35	—	50	—	
RTZ	300	2½	4	25	—	35	—	
RTZ	330	1	15	14	—	26	—	
Totals			52		4		9	

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing price p	+or−	Div.	Times covered	Gross yield	P/E ratio
365	F.P.	20/2	168	150	B.P. 'New'	170	+6	[illegible]	[illegible]	[illegible]	[illegible]
190	F.P.	11/1	110	101	Conder Intl.	101	−5	[illegible]	[illegible]	[illegible]	[illegible]
125	F.P.	23/11	116	108	Rosehaugh 10p	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	—	131	118	‡RASCL 5p	131	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	F.P.	14/12	18	14	Stewart Nairn	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FL7.50	F.P.	—	265	233½	Vitatron N.V. Fl.0.25	259	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+or−
‡	F.P.	18/12	94	90½	Ambdr Day 10½% Cum. Red. Pref. '99-02	93½	[illegible]
‡	£10	31/1	5	5	Bristol Waterworks 9% Red. Pref. 1984	5	[illegible]
‡	F.P.	13/12	102	98½	Cambridge Water 8% Red. Pref. 1984	100	[illegible]
‡	Nil	—	1	⅞	Duncan (Walter) 11¼% Cum. Conv. Pref.	1	[illegible]
£100	F.P.	—	99	95	Hill Samuel Floating Rate Notes 1982	97	[illegible]
98½	F.P.	15/11	99½	98½	London Trust 13% Deb. Stk. 2000-05	98½	[illegible]
95⅞	F.P.	10	99	96	Muirhead 4½% 1st Mt. Db. 2000-05	98	[illegible]
‡	F.P.	—	10	9	Selected Market Trust Part. Red. Pref.	9	[illegible]
‡	F.P.	9/11	106	95	Starline Eng. 11% Cum. Pref.	105	[illegible]
‡	F.P.	30/11	104	95	Wintrust 10% Cum. Pref.	95	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+or−
A$4.50	Nil	—	320pm	236pm	BH Proprietary	236pm	[illegible]
30	F.P.	14/11	7/12	40	Cope Sportswear	[illegible]	[illegible]
20	Nil	20/12	—	570	Duncan (Walter) & Goodricke	575	[illegible]
20	Nil	—	—	13pm	Dundonian	12pm	[illegible]
44	F.P.	7/11	30/11	80	Francis Inds.	80	[illegible]
75	F.P.	9/11	5/12	75	Ibstock Johnsen	76	[illegible]
‡	Nil	—	—	11pm	Killin	[illegible]	[illegible]
95	F.P.	16/11	4/1	100	Laporte Inds	99	[illegible]
40	F.P.	16/11	4/1	46	M. Y. Dart	45	[illegible]
67	Nil	26/11	11/1	8pm	Newman Tonks	8pm	[illegible]
35cts	Nil	—	—	7½pm	North Kalgeril	7pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1979. *Q* Gross. *T* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. ◆ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Samuel Montagu Ldn. Agents

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Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Quest Fund Mangmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

10 Wharf St., St. Helier, Jersey (CI). 0534 73494

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

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AUTHORISED UNIT TRUSTS

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Nov. 16	174.9	186.6xd	—	6.03

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	19.2	—	6.04
Gt. Winchester O'seas	19.1	21.5	—	2.56

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	67.9	72.8	—	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.4	70.9	−1.0	5.37

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	25.1	27.0	—	2.32
Accum. Units	30.5	32.8	—	2.32
J. Finlay High Income	30.5	32.8	—	9.98
J. Finlay Euro.Fin.	23.5	25.3	—	4.17
Accum. Units	29.0	31.2	—	4.17
J. Finlay Fd.In.Tst.	26.9	28.9	—	6.19

Prices on Nov. 21. Next dealing Nov. 28.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	47.4	50.4	+0.4	1.44
American Turnaround	47.4	50.4	+0.4	2.00
Capital Tst.	46.0	48.8	—	5.54
(Accum. Units)	46.0	48.8	—	5.54
Income Tst.	33.2	35.2xd	−0.2	9.06
Intl. Growth Fd.	30.2	41.6xd	+0.6	2.40
(Accum. Units)	41.2	43.8	+0.4	2.40

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	42.3	45.2xd	−0.3	5.65
Do. Accum.	58.4	62.4	−0.5	5.65

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Nov. 22	102.0	102.1	—	5.68
Gross Inc. Nov. 22	71.0	73.1	—	11.35
High Yield Nov. 22	77.5	80.3	—	10.71

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	98.0	104.2	—	4.10
Do. Acc.	121.8	128.5	—	4.10
G.T. Inc. Fd. Un.	153.9	163.7	—	9.60
G.T. U.S. & Gen.	133.8	142.3xd	—	2.50
GT Wld. Bd. Fd.	—	100.0	—	5.50
G.T. Japan & Gen.	68.5	72.4	—	2.60
ΦGt. Pens. Ex. Fd.	205.6	218.9	+0.4	4.5
G.T. Int'l. Fund	148.5	157.9	—	2.30
G.T. Four Yds. Fd.	46.9	49.8	−1.2	9.10
G.T. Far East & Gen.	44.9	48.2	—	3.60

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	31.6	33.7xd	−0.3	5.73

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	24.9	26.8	+0.9	1.96
British Tst. (Acc.)	57.2	61.6	—	4.67
Commodity Share	30.1	32.4	−0.1	3.75
Extra Income Tst.	20.0	21.6xd	−0.1	10.80
Far East Trust	31.5	33.9	+0.3	3.38
High Income Tst.	52.2	56.2	−0.1	10.49
Income Fund	68.3	73.5	−0.5	8.13
Ins. Agencies	13.24	14.17	−0.07	5.00
Intl. Exempt Fd.	82.5	90.1	−0.4	7.71
Intl. Tst. (Acc.)	30.4	32.7xd	+0.4	1.52
Special Sits. Tst.	—	25.0	—	4.00

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Continued on previous page.

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108¼	94¼	Do. 14pc '83	94¾xd	.....	14.78	15.79
86½	77½	ICFC 5½pc Deb. '80-82	80½	-½	6.94	14.55
85	69	Do. 6¼pcDb. '81-84	71xd	-½	8.80	14.60
99	84	Do. 10½pc Uns.Ln. '86	85	-½	12.99	15.40
99	83	Do. 11pc Uns.Ln. '88	85	-½	13.64	14.70
101½	84	Do. 11¾pc Uns.Ln. '90	86½	-1	14.38	15.40
72½	56	Do. 7¾pcADeb. '89-92	56xd	.....	12.95	15.10
69	53	Do. 7¾pcA Db. '91-94	55½	-½	13.47	15.20
81½	64	Do. 9pc'A' '91-94	66	-½	14.07	15.20
78½	61½	Do. 8¾pcLn. '92-97	64½	-½	14.40	15.00
102	85	Do. 12½pc. Uns. Ln. 1992	88½	-½	14.34	14.80

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120	56	Messina R0.50	104	.....	—	—

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	64	+2	—	—	—
14½	10	Burma Mines 17½p	12	−½	—	—	—
365	170	Cons. Murch. 10c	312	.....	Z030c	—	5.5
440	280	Northgate C$1	320	.....	—	—	—
362	226	R.T.Z.	300	−5	†11.5	3.4	5.5
31	12	Robert Mines	16	+3	—	—	—
65	28	Sabina Inds. C$1	52	.....	—	—	—
880	475	Tara Explrn. $1	480	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	27	.....
Bertam	16	.....
Bdg'wtr. Est. 50p	365	.....
Clover Croft	30	.....
Craig & Rose £1	£10½	.....
Dyson (R. A.) A	23	.....
Fife Forge	48	.....
Finlay Pkg. 5p	19	.....
Graig Ship. £1	600	.....
Higsons Brew	65	.....
Holt (Jos) 25p	255	.....
I.O.M. Stm. £1	150	.....
Pearce (C. H.)	358xd	.....
Peel Mills	29	.....
Sheff. Refrsmt	100	.....
Sindall (Wm.)	165	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£85½	.....
Nat. 9¾% 84/89	£77½	.....
Fin. 13% 97/02	£80½	.....
Alliance Gas	62	.....
Arnott	348xd	.....
Carroll (P.J.)	53	.....
Clondalkin	82	.....
Concrete Prods.	80	.....
Heiton (Hldgs.)	35	.....
Ins. Corp.	185	.....
Irish Ropes	70	.....
Jacob	31	−4
T.M.G.	138	.....
Unidare	85	.....

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	0
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	23
Brown (J.)	7½
Burton 'A'	25
Cadburys	5½
Courtaulds	0
Debenhams	0
Distillers	21
Dunlop	6
Eagle Star	14
E.M.I.	12
Gen. Accident	21
Gen. Electric	35
Glaxo	40
Grand Met	13
G.U.S. 'A'	30
Guardian	25
G.K.N.	22
Hawker Sidd	16
House of Fraser	14
I.C.I.	20
"Imps"	0
I.C.L.	45
Inveresk	5
KCA	3½
Ladbroke	17
Legal & Gen.	14
Lex Service	11
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lonrho	6
Lucas Inds.	20
"Mams"	15
Mrks. & Spncr	10
Midland Bank	30
N.E.I.	5
Nat. West. Bank	28
P & O Dfd.	10
Plessey	10
Racal Elect	22
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Spillers	4½
Tesco	7
Thorn	35
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	4
Utd. Drapery	10
Vickers	18
Woolworths	6½

Property

Stock	Rate
Brit. Land	7
Cap. Counties	9
Land Secs.	23
MEPC	17
Peachey	13
Samuel Props.	14
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	35
Burmah Oil	13
Charterhall	5
Premier	4
Shell	38
Ultramar	22

Mines

Stock	Rate
Charter Cons.	16
Cons. Gold	18
Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday November 27 1979

Khomeini declares U.S. enemy of Iran

BY ANDREW WHITLEY

THE Ayatollah Khomeini yesterday consolidated Iran on an anti-American course, declaring that the U.S. was now his country's enemy and should be fought on the "religious, economic and military fronts."

His intransigent declaration coincided with a preparatory meeting of the 15-member United Nations Security Council to consider a call by Dr. Kurt Waldheim, the UN Secretary General, for an urgent debate, to defuse what he said was the most serious threat to world peace since the 1962 Cuban missile crisis. At the same time Britain started reducing its embassy staff in the Iranian capital.

The U.S. has reversed its earlier position and welcomed the Security Council debate. A State Department official said the Secretary General's initiative was "one more step along the diplomatic road" and that no avenue should be unexplored in the efforts to free the 49 U.S. hostages remaining in the Tehran embassy.

But as the U.S. moved to take advantage of what it sees as its favourable international position versus the Khomeini regime Iran backtracked on its earlier approach to the UN. Tehran radio reported yesterday that Mr. Abol Hassan Bani-Sadr, the external affairs supervisor, was prepared to go to New York in a week's time, but only if the debate were postponed till then.

Iran may well be aware that, outside the ranks of the radical Moslem countries, its position is becoming increasingly isolated internationally. China yesterday sided with the U.S. after three weeks' silence on issue, while statements in support of the American position also came from Italy and from President Ahmed Sekou Toure of Guinea, a leading African radical.

The Ayatollah Khomeini's speech to Revolutionary Guards in Qom yesterday underlined the strength of official Iranian feeling. Referring again to the U.S. as a "satanic country" against which all resources should be mobilised the revolutionary leader said all Iranians should learn to shoot, to create "a nation of 20m warriors" in a few years.

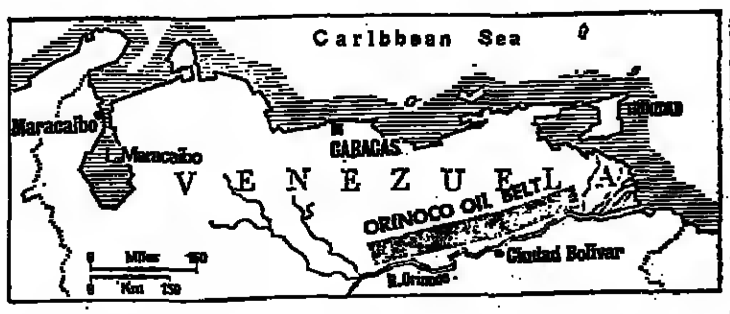
Backing for the Ayatollah came yesterday unexpectedly from the country's rebel Kurds. The Kurdish Democratic Party (KDP), the main vehicle of the ethnic minority's drive for autonomy, said it would observe a 20-day ceasefire in its battle with Government forces in western Iran so as to "mobilise all its forces to fight . . . against any foreign attack."

The Kurds, who already control stretches of their mountainous homeland, said in a statement broadcast by the state radio the ceasefire would be observed from midday Sunday, provided the Government troops and paramilitary Revolutionary Guards ended their military operations in the region.

Within hours of the announcement rebels apparently opposing the KDP policy launched an attack on a Government television station not far from the Iraqi border, driving off a strong guard and setting the building on fire.

As the crisis between Iran and the U.S. deteriorates, it was learnt yesterday that Britain was reducing its large embassy staff and dependants in Tehran by two thirds. Those being evacuated will leave on commercial flights in the next few days, leaving a skeleton staff of 2 will reamin.

About 650 British subjects are still living in Iran, mainly in the capital, and it is known that for the second time in eight months advice to those not doing essential work to leave the country is being considered.



Venezuela optimistic about new oil source

BY RAY DAFTER, ENERGY EDITOR

VENEZUELA HAS raised hopes of a major new source of oil. Government officials estimate they can economically recover about 500bn barrels of heavy oil from the Orinoco region—almost as much oil as in the proven reserves of the free world.

Petroleos de Venezuela (Petroven), the state oil corporation, has told a United Nations energy conference in Montreal the oil can be recovered and converted into high-quality crude at much less than current world market prices.

It has been known for many years the Orinoco heavy oil belt contains huge accumulations—estimated at between 700bn and 3 trillion (million million) barrels. But it has always been doubted whether the oil could be exploited economically.

The Venezuelan report gives no estimate of the initial capital outlay required to bring the Orinoco belt into production, but estimates the cost of extraction and conversion could be between $5 and $13 a barrel. Between $2 and $8 a barrel would be needed to bring the oil to the surface and a further $3 to $5 a barrel to convert it to a crude light enough to be processed in conventional refineries.

"The Orinoco oil belt is probably the largest essentially untapped oil accumulation in the world," the Venezuelan paper says.

Mr. Joseph Barnes, a UN energy adviser and the scientific secretary of the conference, said he expected the Venezuelans would not rush into production of the Orinoco oil because of the enormous costs involved and because they would not want to undermine current oil prices. Venezuela is a member of the Organisation of Petroleum Exporting Countries and will host OPEC's price-fixing meeting next month.

To extract the heavy oil, the Venezuelan state corporation will have to inject large amounts of steam. In this way the oil is made to flow more freely to the producing wells.

The Orinoco oil belt is just one of several major reserves of heavy oil, shale oil and tar sands that could eventually be exploited given higher oil prices and improved production technology.

British Petroleum, in a briefing paper published last year, pointed out that current estimates of hydrocarbons in place in oil shales (3,000bn to 4,000bn barrels) and heavy oil/tar sands (3,000bn to 5,000bn barrels) represented over 12 times proven recoverable reserves of crude oil.

But technology and cost factors meant probably less than 10 per cent of such "non-conventional" crude reserves would ever be recovered.

Venezuela's statement suggests that BP's paper, drawn up when oil prices were lower, may have been excessively cautious.

Airlines 'face big losses'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT IN MANILA

WORLD AIRLINES are likely to incur heavy losses this year from the "staggering" increases in fuel prices and the resulting inflationary spiral.

One likely effect is that a further increase in world air fares will be proposed at this week's annual meeting in Manila of the International Air Transport Association, which represents more than 100 airlines.

Mr. Knut Hammarskjold, director general of the association, says in his annual report that airlines are facing a "sombre economic situation." With a recession possible in the U.S. and slower growth in other countries, demand for air travel could be reduced.

The industry's net profit was 3.4 per cent of revenues, nowhere near enough to meet its capital needs for purchasing new equipment. Estimates point to a worsening of the situation even though traffic is expected to increase at an average rate of about 10 per cent a year in the 1980s.

Mr. Hammarskjold lists fuel supplies and prices as the most serious problems. The industry also faces soaring costs in other areas including airport and en route cbarges.

"The very principle of mutual co-operation on which the international air transport system is built has continned to come under heavy attack by the U.S. Civil Aeroutics Board. The cost of the airlines' life blood—fuel—has soared alarmingly while supplies have been restricted and many member airlines suffered severe losses of revenue and dislocation of services at a period of peak traffic because of the DC-10 groundings."

Some major international airports are reaching crisis point in their ability to cope with the increasing numbers of passengers and cargo, while air traffic control systems in the busier areas are working at the limit of their capacity, Mr. Hammarskjold says.

He stresses the problems of the overcrowded North Atlantic air route, where high growth combined with unsatisfactory financial returns resulted in a direct operating loss of $125m (£58m) last year — the eighth successive year of losses on the route.

When earnings the airlines need to meet all their costs, including taxes, interest and a return on capital to finance new equipment, are taken into account, the earnings deficiency on the North Atlantic amounts to some $679m, equivalent to almost 20 per cent of the passenger revenue earned in 1978.

Mr. Hammarskjold says indications are that losses on this major route will continne. It is evident there are fundamental weaknesses in the economic structure of the route which in the present environment are beyond the scope of conventional methods of correction.

He suggests there should be a basic change in the type of seating offered to reflect the differences in fares better.

Although the introduction of high seating density, no-frills, low-fare travel appears to be a step in this direction, the results to date "have been disappointing" considering last year's losses. "The development of a new type of seating which better aligns average unit costs, yields and load factors should remain a long term objective."

Fuel prices and supplies are the biggest cause of concern to the airlines. A survey this summer showed supply deficiencies at every major airport in the world, made good by spot market buying at prices averaging more than $1 a gallon. Average fuel prices, 45 cents a gallon toward the end of last year, are about 87 cents a gallon and still rising. An average annual increase of 9 per cent is likely to be the least the airlines can expect into the early 1980s. Rises substantially greater tban that are possible. The airlines are known to be examining a plan that would enable them to raise fares automatically wbenever fuel price increases exceeded a certain level.

Industrial activity prospects gloomy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MANUFACTURING companies remain despondent about the prospects for industrial activity in the coming months in spite of a marginal improvement reported during the past few weeks.

According to the latest Confederation of British Industry monthly industrial trends survey, the improvement is the result of income tax rebates boosting retail sales at the same time as engineering companies were recovering from their recent strikes. Export orders bave also been helped by the fall in sterliog.

Bnt the improvement is not expected to last into next year and manufacturers' order books are still widely regarded as weaker than earlier this year. Larger companies and those producing intermediate goods are particularly bard hit.

The survey, pnblished this morning also sbows that more companies are expected to raise prices. Two-thirds of the 2,000 companies in the survey are forecasting increases, for reasoos other than seasonal variations, in the next four months.

These industrial output and prices forecasts are in line with other recent reports and follow the CBI's gloomy quarterly trends survey four weeks ago. The Engineering Employers' Federation yesterday predicted a 10 per cent fall in mechanical engineering output next year and the London Business School forecast double figure inflation and a depressed outlook for the next two years.

The CBI's economic situation report warned that high interest rates could be necessary for at least part of next year if monetary targets are to be met.

This will be one of the forecasts the CBI will submit next week to the National Economic Development Council's major meeting on the country's economic and industrial problems.

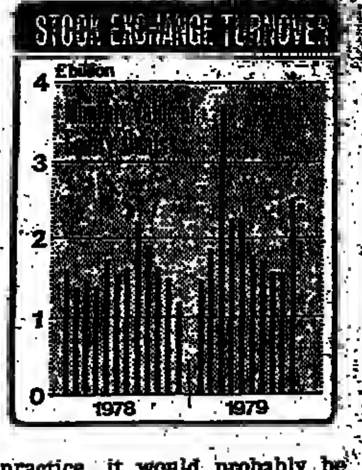
The CBI will also repeat its warning ebont profitability, predicting that the real rate of return for industrial and commercial companies, excluding North Sea activities, will fall to below 3 per cent this year and below 2 per cent next year.

THE LEX COLUMN

Putting a price on a vote

The cuts in U.S. prime rates yesterday follow a sharp fall in the Federal Funds rate in recent weeks—down from over 17 per cent shortly after the Volcker package to little more than 12 per cent now—and falls in economic indicators such as car sales and housing starts. In London, the news flashing across the Atlantic was enough to put balf a point nn gilt-edged prices in after-hours trading. The interest rate bears in New York are no longer having things all their own way, but they are not going to admit defeat before there is much stronger evidence about the trend of U.S. loan demand.

Index fell 1.5 to 407.1



Non-voting shares

Burton's decision to make a for 7 scrip issue to its voting shareholders to compensate them for the enfranchisement of the A shares raises old questions about the value of voting rights. Superficially it would appear thatthe voting shareholders in Burton have treated themselves quite generously: after all, the normal compensation issues in recent cases bave typically been 1 for 10 (Lyons, Hepworth) or 1 for 20 (Thorn and Dixons).

But Samnel Montagu, Burton's advisers, believe the arithmetic is more complicated than this. In Burton's case the votes were concentrated in a very small slice of the total outstanding equity — only 12 per cent, as against 51 per cent in the case of Thorn, for instance. The 1 for 7 compensation therefore represents a far smaller dilution of the total equity than Thorn's 1 for 20, and atrributes less value, proportionately, to the votes.

The Burton arrangement values the voting rights at 1.7 per cent of the total equity, as against 2.5 per cent in the Thorn enfranchisement.

The other consideratian that must be taken into accnunt is the premium set by the market on the voting shares. But this can be highly volatile, varying between zero and 50 per cent or even more, depending on the extent to which the price is dominated by hopes of a takeover bid. The premium is also more likely to be wide when the voting shares are scarce and tightly-held: at Burton, family interests hold half the voting capital.

What the premium would actually be worth in the case of a bid is another matter. The Takeover Code provides that a "comparable" offer should be made to all classes of equity. In practice, it would probably be up to the bidder to satisfy all concerned of the fairness of his offer for the non-voting shares—which could he very difficult in a contested bid.

The real distortion is liable to occur when enfranchisement is effectively left to a bidder, as happened with Beaverbrook, where the Ordinary shares fetched 3½ times the price of the non-voters. In this connection, of course, contentious situations have long been developing at Decca and Savoy Hotel.

Dawson International

Allowing for the acquisition of John Haggas a year ago, Dawson International's turnover has been static and pre-tax profits are effectively about 10 per cent down at the halfway stage. The £7.4m first-half profits should be compared with last year's £6.6m from Dawson, together with some £2.4m from Haggas, which—allowing about £800,000 for the cost of financing the acquisition—is equivalent in all to £8.2m.

The underlying decline is more than accounted for by the effect of the strong pound, which the company says reduced profits by £1.4m. At the same time, the drop in the number of tourists in London has meant a decline in UK sales, counterbalanced by expansion elsewhere, especially in the Caribbean, Bermuda and the Far East. There also appears to have been a swing of about 10 per cent in the sales mix from mohair to lower-priced lambswool products.

While the figures confirm the end of the period of rapid profits growth — profits rose from £500,000 in 1975 to £15.5m in 1978—they are nevertheless very respectable when set against the profits declines of 25 per cent and more typical among other textile companies. The company is financially strong and its up-market products appear well insulated from cheap import competition. Full year profits should come out at about £17m and on an unchanged dividend the shares price, up 1p yesterday at 86p will yield 12 per cent. However past recessions have hit Dawson hard and there must be serious doubts about how well next year's order book will hold up.

Vickers Da Costa

The latest accounts from Vickers da Costa are a mournful illustration of the problems faced by large sections of the London stockbroking community. Seven years after it was put together out of the original broking partnership the company has yet to pay a dividend, while the return on its shareholders' funds—now standing at £4.2m—have been quite inadequate. Pre-tax profits in 1978-79 were just £119,000. And it is proving difficult to generate new sources of income to compensate for the poor profits available to stockbrokers across large parts of the equity market in London.

Thus Vickers suffered a substantial loss in the latest period (ending in August) from its efforts to establish itself as a market maker in Japanese convertible bonds. Hit by wildly swinging currencies and an increasingly illiquid market, Vickers has now substantially reduced this operation. It has also stopped making a market in traded options after suffering a small loss last year. And although it does not have the fat stream of income available to brokers with big gilt-edged departments, it suffered a heavy blow in the so-called Battle of Watling Street. A number of its overseas clients were frustrated in their efforts to get a hand in the Government Broker's tuck box and Vickers felt that it had to compensate them.

Although the company has been doing well out of its Far Eastern activities, an extraordinary loss of £247,000 on exchange differences has left it for the first time with a small loss to transfer to reserves. Unlike some of its rivals Vickers say it is not seeking a merger with anyone, but unless firms like this start to make a decent profit it is clear the capacity in the London market will continue to shrink.

Weather

UK TODAY

Occasional rain.

S.E., N.W. England, Midlands
Occasional rain later. Max. 12C (54F).

E., Cent. N., N.E. England, Edinburgh, Dundee, Cent. Highland, N.E. Scotland
Fog patches clearing. Mainly dry. Max. 9C (47F).

Cent., S., S.W. England, Channel Isles, W. Scotland, Wales, Isle of Man, N. Ireland
Occasional rain, hill fog patches. Max. 12C (54F).

Orkney, Shetland
Sunny intervals. Sbowers dying out. Max. 5C (41F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	London	C	15	59
Algiers	S	17	63	Luxmbg.	C	3	37
Amsdm	R	10	50	Luxor	S	26	79
Athens	C	15	59	Majorca	a	15	59
Bahrain	S	26	79	Malaga	S	16	51
Barcina	S	14	57	Malta	a	17	63
Beirut	F	22	72	M'chstr	C	9	48
Belfast	S	8	46	Melbne.	C	16	61
Belgrd.	F	5	41	Mex. C.	C	18	64
Berlin	C	6	43	Milan	F	3	37
Biarritz	F	13	55	Mntreal.	R	13	55
Bmghm.	C	15	59	Moscow	C	2	35
Bordx.	F	4	39	Munich	F	4	39
Boulgn.	R	11	52	Nairobi	S	23	73
Bristol	R	13	55	Naples	S	15	59
Brussels	C	9	48	Nwcstl.	F	9	48
Budpst.	Fg	−1	30	N. York	R	17	63
B. Aires	S	21	69	Nice	S	15	59
Cairo	a	26	79	Nicosia	F	21	70
Cardiff	R	12	54	Oporto	S	14	57
Cas'b'ca	S	19	66	Oslo	R	1	34
Cape T.	C	15	81	Paris	C	9	48
Chcago	C	4	39	Perth	S	27	81
Cpnhgn.	R	6	43	Prague	F	4	39
Corfu	S	18	64	Rykjvk.	Sn	−3	27
Dublin	F	8	48	Rhodes	C	17	63
Dbrvnk.	a	14	57	Rio J'o	R	25	77
Ednbgh.	a	8	46	Rome	S	13	55
Faro	S	17	63	Salzbrg.	F	5	41
Florence	S	11	52	Singapr.	R	30	86
Frankft.	C	4	39	Stckhlm.	R	7	45
Funchal	F	20	68	Strasbg.	F	7	46
Geneva	S	5	41	Sydney	S	21	70
Gibraltr.	F	18	61	Tangier	S	15	66
Glasgow	R	8	48	Tehran	S	14	58
G'rnsey	C	13	55	Tel Aviv	F	22	72
H. Kong	C	18	66	Tenerife	C	16	61
Innsbrk.	C	3	37	Tokyo	C	13	56
Invrnse.	S	7	45	Toronto	R	14	57
I.o.Man.	F	9	48	Tunis	F	16	61
Istanbul	C	11	52	Valencia	S	14	57
Jersey	C	13	55	Venice	F	7	45
Jo'burg	C	20	68	Vienna	S	4	39
L. Plms.	S	21	70	Warsaw	F	3	37
Lisbon	S	11	52	Zurich	F	5	41
Locarno	C	6	43				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Sn—Snow.

Heseltine gives little hope of early mortgage cut

BY PHILIP RAWSTORNE

MR. MICHAEL HESELTINE, Environment Secretary, yesterday beld out little prospect of an early reduction in mortgage interest rates.

Facing a Labour attack in the Commons, be said the Government would adhere to its basic economic strategy for combating inflation.

"There Is no purpose in anything other than the shortest of terms in attempting to isolate mortgage rates from the prevailing economic climate. The central task is to change the climate."

Mr. Heseltine claimed that excessive pay settlements and strikes bad played a large part in forcing up interest rates.

"Last winter's pay claims are this year's borrowing requirement, interest rates and mortgage hills," be said.

"There are limits to tha possibility and desirability of protecting people from the consequences of their actions."

Government borrowing was another cause of high interest rates. But attempts to reduce it bad been frustrated by strikes which had delayad the collection of £1bn in valne added tax and telephone bills.

Mr. Roy Hattersley, leading Labour's attack, accused the Government of pushing up interest rates by its own financial mismanagement.

"They are a direct result not simply of monetarism, but excessive and incompetent monetarism," be said. He predicted that the Government's policies would ensure that mortgage rates persisted at record levels for a long time.

Conservatives had misled the people whom they now tried to blame. Their election manifesto had promised plans to lower interest rates, and the Prime Minister earlier this year had given the Impresaion that they would soon fall and building societies could postpone their increase.

"Home buyers can now count the real cost of Conservatism," Mr. Hattersley said.

Labour's motion condemning the Government for the mortgage rise was defeated by 304 votes to 258—a Government majority of 46.

Parliament, Page 12

Political honours return

BY ELINOR GOODMAN

THE GOVERNMENT is to resurrect the system of political honours which lay dormant during the life of the last Labour Government.

The decision, announced in the Commons yesterday by the Prime Minister to the indignation of the Opposition, means parties will once again be able to reward loyal MPs and party workers with knighthoods and other bonours in the same way as others are now rewarded for their public service.

To the delight of some Tory backbenchers, Mrs. Thatcher also refused to rule out completely the possibility of creating new bereditary peers. But these, she stressed, would have to be for "very great distinction and service."

The role of the Political Honours Scrutiny Committee in examining the Prime Minister's own nominations for honours is to be increased—presumably to protect the Government from any accusations of abnsing the system.

The Labour Party will not, however, co-operate with the political honours revival which it has opposed since Sir Harold Wilson abolished them as Prime Minister in 1966.

Mr. James Callaghan, Opposition leader, said he would not be putting forward any names. He called for a general review of the wbola honours system and queried whether the present procedure did not merely make people more status conscious.

Mrs. Thatcher said it was wrong that political service was not recognised by the award of honours.

Continued from Page 1

Prime rate

political criticism because of their high lending charges and this too will have encouraged them to cut the prime.

In additioo after surging at an annual rate of about 25 per cent in the third quarter, demand for commercial bank loans has eased considerably since the Fed's moves on October 6, making the market more competitive and easing the banks' fear that they could face sharply bigher funding costs because of the punitive reserve requirements the Fed imposed then on increases in their liabilities.

All of these factors are leading economists to expect that tha prime will come down across the banking industry

While such a decline will be welcome in Washington and New York, especially in the face of mounting evidence of a weakening of the economy as car sales and honsing starts slump, there is no broad consensus here that *interest* rates have finally peaked.

Continued from Page 1

Carrington

Jenkins, President of the European Commission, who is in London to discuss the Dublin summit.

It was said after the hour-long talks that the Prime Minister had set out the British objectives at Dublin clearly and firmly and bad not qualified her position in any way.

There bad been reports before the meeting, one of a aeries of preparatory discussions the commission president has had in EEC capitals, that Mr. Jenkins would seek to moderate Mrs. Thatcher's attitude

The British Government's view remains that there is an undeniable case for achieving a fairer balance in the community budget, and Mrs. Thatcher will go to Dublin on Thursdays determined to achieve this.

It is stressed, however, that the attitude will be a positive one aimed at securing the political will to institote reforms, rather than a threatening or wrecking one.

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